Translation for reference only

Shionogi & Co., Ltd.

Ticker Code: 4507

Notice of Convocation of the 161st Annual General Meeting of Shareholders

● Date and time

Wednesday, June 24, 2026

10:00 a.m. (Reception begins at 9:00 a.m.)

● Location

Grand Hall, Congrès Square Grand Green Osaka

Grand Green Osaka South Building 4F,

5-54 Ofuka-cho, Kita-ku, Osaka, Japan

● Items for resolution

No.1 Appropriation of Surplus

No.2 Election of Seven (7) Directors (Other Than Those Who Are Audit and Supervisory Committee Members)

SHIONOGI

To Our Shareholders:

We would like to express our sincere gratitude for your continued and exceptional support of SHIONOGI. SHIONOGI's basic policy (SHIONOGI Group Heritage) is defined as "striving constantly to supply the best possible 'medicine (healthcare solutions)' to protect the health and wellbeing of the patients we serve." Based on this basic policy, we are promoting various initiatives to achieve our vision for 2030: "Building Innovation Platforms to Shape the Future of Healthcare."

In FY2025, we made several significant business investments aimed at business expansion and globalization, as we were able to foresee steady growth in our HIV business, which is a major revenue base for Shionogi. I am confident that these business investments will contribute to SHIONOGI's exponential growth in the future. In order to maximize the value of the investments, it will be important to solidify the acquired business foundations. Based on this idea, we are designating FY2026 as a year to focus on establishing the business foundations. We plan to announce our new medium-term business plan in April 2027 or later based on the achievements of FY2026.

In recent years, the external environment surrounding the pharmaceutical industry has become increasingly uncertain due to discussions regarding reimbursement price reductions, particularly in developed countries, as well as the increase in geopolitical risks. Despite this environment, SHIONOGI will continue to engage in various initiatives, remaining dedicated to its aim of making a meaningful societal contribution by "discovering, manufacturing, and selling (supplying)" the best possible medicine to protect the health and wellbeing of the patients we serve. We ask for your continued understanding and support as we move forward.

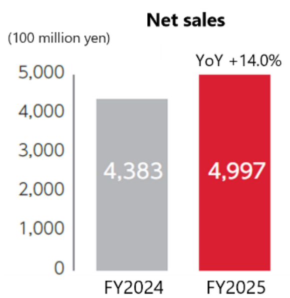
Representative Director, President and CEO

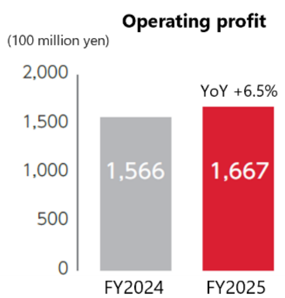
手代木 功

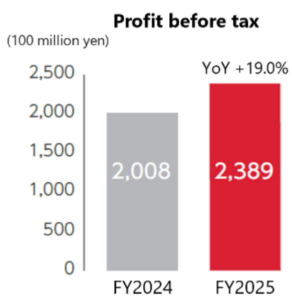
Financial Highlights

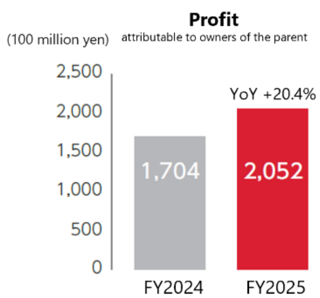
Record Highs in Revenue and All Profit Categories

- Net sales : **¥499.7 billion** (YoY +14.0%)
- Profit before tax : **¥238.9 billion** (YoY +19.0%)
- Operating profit : **¥166.7 billion** (YoY +6.5%)
- Profit attributable to owners of the parent : **¥205.2 billion** (YoY +20.4%)







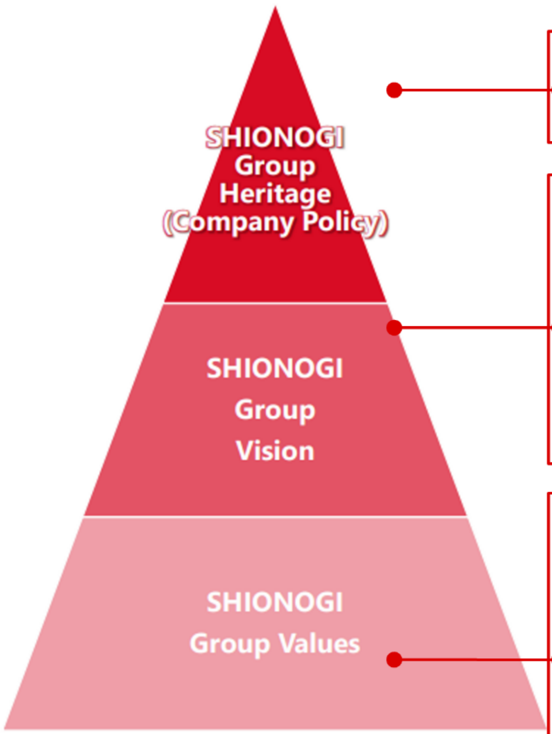


SHIONOGI's Management Philosophy

You can also access the SHIONOGI Group Philosophy here.
https://www.shionogi.com/global/en/company/business.html

The statement at the beginning of the SHIONOGI Group Heritage, "SHIONOGI strives constantly to supply the best possible medicine (healthcare solutions) to protect the health and wellbeing of the patients we serve," represents our unwavering purpose and the very reason for SHIONOGI's existence.

We are committed to accurately identifying increasingly advanced and diversified healthcare needs, and to meeting them with the best healthcare solutions that transcend the conventional boundaries of a pharmaceutical company.



The Company Policy of SHIONOGI
SHIONOGI strives constantly to supply the best possible medicine to protect the health and wellbeing of the patients we serve

SHIONOGI Group Vision (2030 Vision)
– What we want to achieve by 2030 –

Building Innovation Platforms to Shape the Future of Healthcare

We are transforming ourselves from a conventional drug discovery-based pharmaceutical company into a HaaS* company that provides healthcare services, aiming to address the challenges faced by patients and society. To this end, we have established the SHIONOGI Group Vision: Building Innovation Platforms to Shape the Future of Healthcare.

SHIONOGI Group Values
(Our psyche that is indispensable for achieving vision)
Achieving our Vision requires each individual to act in alignment with our core values. With this in mind, we have identified five Values that are vital to this endeavor.
– The Five Values –
- Be trustworthy
- Play to Win
- Boldness and Innovation
- Respect for Diversity
- Contribute to society

*Healthcare as a Service (HaaS): Providing a wide range of healthcare services tailored to customer needs, rather than merely supplying pharmaceuticals

SHIONOGI will continue to grow alongside all of our stakeholders, while further strengthening our unique qualities through activities based on our management philosophy (Heritage / Vision / Values).

Corporate Governance

Basic Views on the SHIONOGI's Corporate Governance

In accordance with the Company Policy of SHIONOGI – the Group's management philosophy – we believe our social mission is not only to provide useful and safe medicines, but also to contribute to improving the health and healthcare for people around the world by providing various healthcare services that meet customer needs, thereby contributing to the realization of a high-quality life. Based on our firm belief that strict compliance and efforts to fulfill this social mission translate into greater corporate value, we aim to generate sustained growth and achieve increases in corporate value through constructive communication with stakeholders, supported by transparent and fair management that continuously implements measures to adapt to changes in the operating environment.

Shionogi adopts the company with an Audit and Supervisory Committee structure and separates business management and business execution. Under this structure, the Board of Directors is responsible for making management decisions and supervising business execution, including discussions on medium- to long-term company-wide strategies, while the Business Execution Framework, which is mainly composed of corporate officers, is responsible for business execution through quick and flexible decision-making. The Audit and Supervisory Committee and the independent accounting auditor form the Audit Framework to audit the execution of duties by the directors and the execution of business mainly by corporate officers. Each forms a structure in which they fulfill their respective roles and responsibilities from an independent standpoint.

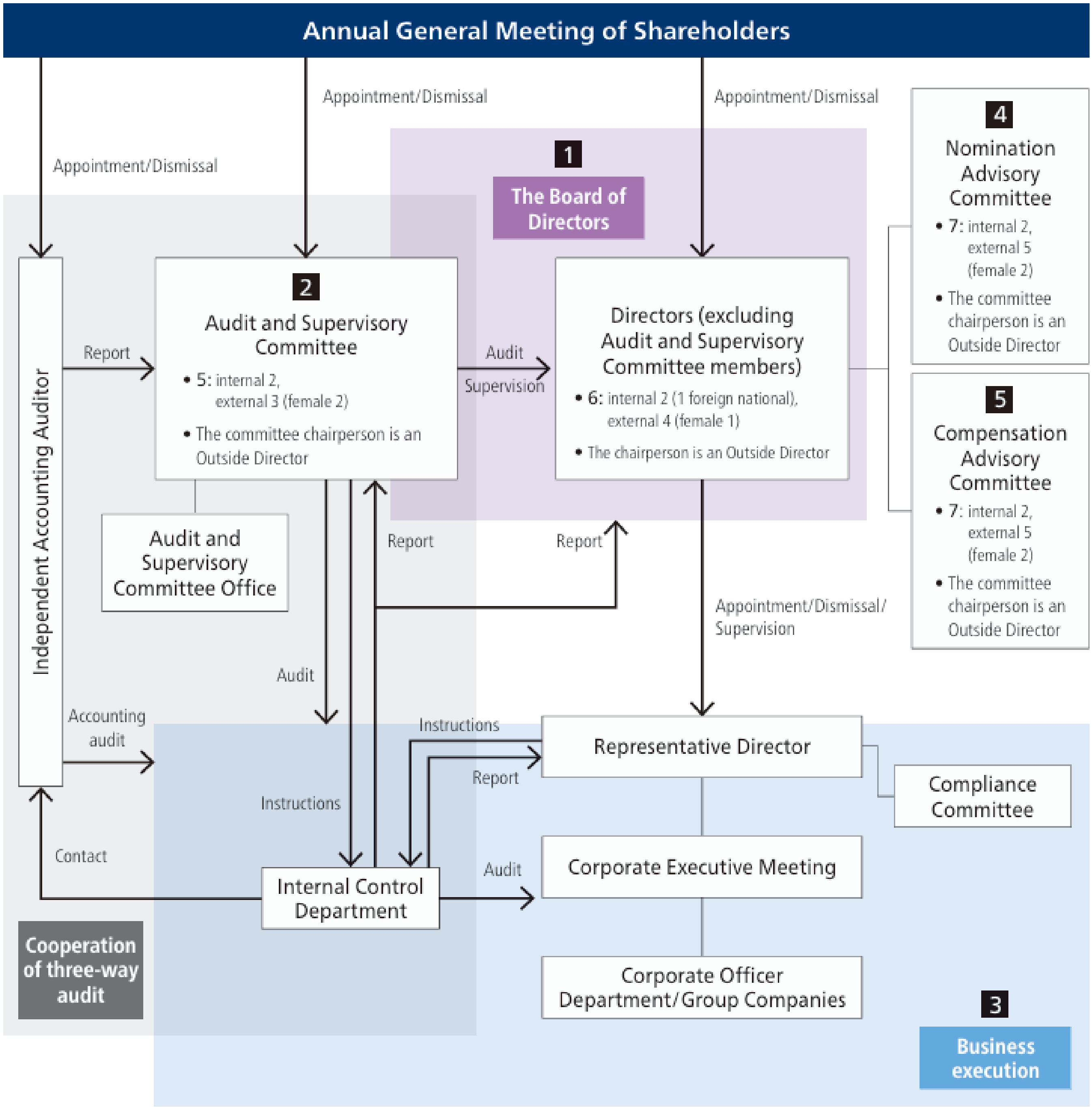
The Board of Directors consists of six members, including four Outside Directors, to further enhance management transparency and accountability to stakeholders. The Board of Directors is advised by the Nomination Advisory Committee and the Compensation Advisory Committee, both of which are chaired by Outside Directors, to provide an impartial and multi-faceted assessment of the aptitude of Directors, the impact of Directors on the management of the Company and the suitability of individuals for particular roles and their respective levels of remuneration.

To further ensure transparency and fairness, the Audit and Supervisory Committee is chaired by an outside director and consists of five members, including three outside directors, who attend important meetings such as the Board of Directors meetings and the Corporate Executive Meeting to audit the execution of duties by directors.

The Company has introduced a Corporate Officer system to quickly reflect management's intentions in business execution, developed a flexible business execution framework that can respond immediately to changes in the environment and established the Corporate Executive Meeting, consisting of Directors, Standing Auditors, and business execution managers, as an organization to deliberate on business execution.

(As of March 31, 2026)

Corporate Governance System



Analysis and Self-Assessment of the Effectiveness of the Board of Directors

The Board of Directors analyzed and assessed its overall effectiveness in FY2025 by conducting questionnaires and interviews of individual Directors and Auditors, with a focus on (1) Framework, (3) Roles and Responsibilities and (6) Operation in “6. Directors and the Board” in the “Basic Views and Guidelines on Corporate Governance” set by the Company. The following is a summary of the results:

1. Framework

We have evaluated that the Board of Directors currently has the necessary framework in place from the standpoint of diversity and various attributes, including expertise and experience, as demonstrated by the appointment of foreign nationals and women as directors. However, as a future challenge, the following needs were raised: responding to accelerating globalization in light of Shionogi’s business expansion and changes resulting from aggressive business investments made in FY2025; promoting human resources with the necessary skills from the standpoint of diversity, including expertise; and considering specific development plans for the next generation of management candidates from the perspective of succession planning.

The Board of Directors will continue to consider ways to further strengthen the framework, taking into account the future status and direction of business development.

2. Roles and Responsibilities

In FY2025, Shionogi transitioned to a company with an Audit and Supervisory Committee, which we believe has further strengthened supervisory functions over business execution. By sharing the details of discussions and matters reported at Audit and Supervisory Committee meetings with the Board of Directors at each meeting, we aim to reduce the information gap among directors regarding the business execution situation. This has also led the Board of Directors as a whole engaging in more active discussions by clarifying the matters on which the Board should focus more. Furthermore, the Board of Directors and related meetings hold discussions and exchanges of opinions on matters such as significant individual projects, the next medium-term business plan, and the development of senior management members. Reports on compliance and risk management are also regularly presented at these meetings. Therefore, we conclude that the Board of Directors exercises appropriate supervisory and advisory functions.

As future challenges, the Board of Directors identified the need to re-evaluate business risks and materiality in light of changes in the internal and external business environments and to focus on deliberating the re-establishment of human capital strategies following changes to SHIONOGI’s structure.

To fulfill the roles and responsibilities of the Board of Directors even more, it will continue to consider strengthening functions that lead to the enhancement of Shionogi’s medium- to long-term corporate value by optimizing the division of responsibilities with the Audit and Supervisory Committee.

3. Operation

In further stimulating and streamlining discussions at Board of Directors meetings, periodic pre-briefings on the agendas of Board of Directors meetings have continued to be provided, and reports on the progress of matters resolved at the meetings have been received on a timely basis. In addition, we have increased off-site venues beyond Board of Directors meetings to further deepen discussions and enhance information sharing. We have also introduced flexible operation of the Board of Directors, such as holding extraordinary Board of Directors meetings on a timely basis. Through these initiatives, we have concluded that discussions on key projects that would significantly impact our medium- to long-term management strategy have been held swiftly.

As future challenges, the Board of Directors identified the need to manage the progress of key projects approved in FY2025, organize agenda to enhance discussions on medium- to long-term management strategies, review how to pre-brief matters for discussion, and secure time for discussions. To further enhance discussions, suggestions and requests were made regarding information provision opportunities in line with the direction of SHIONOGI’s business, as well as holding operating site tours.

The Board of Directors will continue to explore ways to improve its operation.

Assessment of the Audit and Supervisory Committee's Effectiveness

In FY2025, the first year after transitioning to a company with an Audit and Supervisory Committee, Shionogi conducted self-assessments through questionnaires and interviews with all Committee members to evaluate its effectiveness. The Committee discusses the results of the questionnaires and interviews, and reports the assessment results and issues to the Board of Directors. These results and issues are reflected in the audit plans for the following year and in operational improvements. In light of the assessment results and identified issues, we will work to improve the Board of Directors' operations and further enhance the Audit and Supervisory Committee's effectiveness.

[Assessment Results]

We have confirmed that an organizational operational system has been established under a framework chaired by an outside Committee member, and that supervision through reports and recommendations to the Board of Directors is functioning appropriately. We assess that the effectiveness of the Audit and Supervisory Committee is ensured.

[Issues Identified and Initiatives in the Following Year]

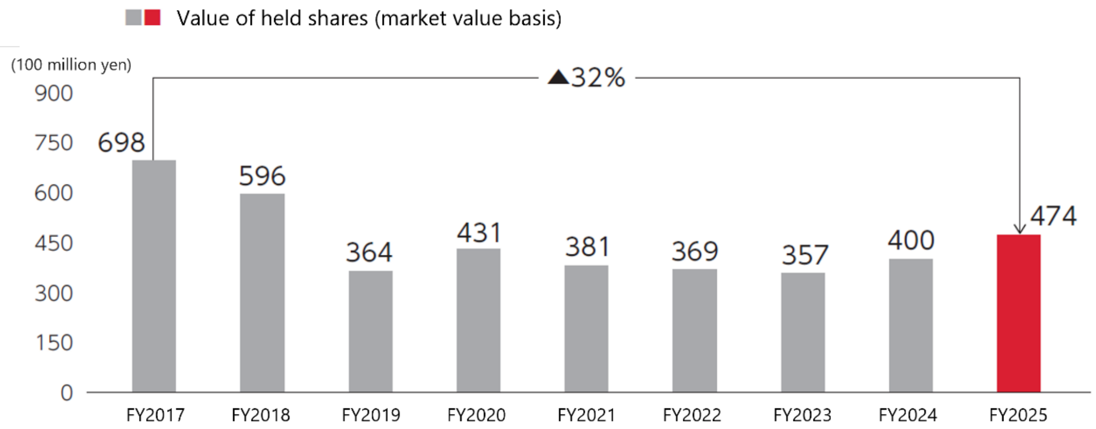
Identified issues include establishing an audit system that can respond to Shionogi's business expansion. Next year, we will strengthen collaboration with the internal audit unit in order to conduct audit activities that align with changes in the business environment.

Cross-Shareholdings

Cross-shareholdings are conducted after examining the significance of the shareholding individually in terms of whether it will contribute to enhancing the SHIONOGI Group's medium- to long-term corporate value and sustainable growth of business in view of the relationship with the cost of capital. Furthermore, the appropriateness of the shareholdings is continuously reviewed while taking external factors into account, such as the share price level and the market environment.

Based on these policies, we have been re-examining cross-shareholdings. In addition to a decrease in the number of shares held, the value of the shares has decreased compared to the end of FY2017, even during periods of rising share prices. The Board of Directors will continue to review individual cross-shareholdings each year, including the evaluation of the rationale for continued shareholding and capital efficiency.

Trends in cross-shareholdings (listed stocks, market value basis)



Ticker Code: 4507

To All Shareholders

June 2, 2026

(Started to post this notice in the electronic provision measure on May 26, 2026)

Notice of Convocation of the 161st Annual General Meeting of Shareholders

Dear shareholders,

Thank you very much for your continued support.

Please be notified that our 161st Ordinary General Meeting of Shareholders will be held as follows.

As for convening the meeting, the Company takes an electronic provision measure and posts the matters subject to the electronic provision measure on the following Internet website as "Notice of Convocation of the 161st Annual General Meeting of Shareholders."

[SHIONOGI's website]
https://www.shionogi.com/global/en/investors/shareholder-information/general-meeting-of-shareholders.html

The matters are also posted on the following Internet website.

[Website of the Tokyo Stock Exchange]
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

Please access the website above, enter and search the company name (Shionogi) or stock code (4507), and select "Basic information" followed by "Documents for public inspection/PR information" to view the information.

If you are unable to attend in person, you may exercise your voting rights via the Internet or with the enclosed proxy form. Please confirm the reference materials concerning the exercise of voting rights provided hereinafter and exercise your voting rights in accordance with the Procedures on Exercise of Voting Rights by 5:00 p.m., Tuesday, June 23, 2026.

Please note that we will perform a live streaming of the meeting so that shareholders can view it at home and other places. If you intend to watch the live streaming, please exercise your voting rights in writing or via the Internet, as it is not possible to exercise your voting rights on the live streaming website.

Yours faithfully,

Annual General Meeting of Shareholders

1. Date and time 10:00 a.m., Wednesday, June 24, 2026 (Reception begins at 9:00 a.m.)

2. Location Grand Hall, Congrès Square Grand Green Osaka
Grand Green Osaka South Building 4F, 5-54 Ofuka-cho, Kita-ku, Osaka, Japan
（Please note that the location is different from the previous Annual General Meeting.）

3. Agenda

Items to report

1. The Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements for the 161st Fiscal Term (commenced April 1, 2025 and ended March 31, 2026)

2. The Audit Report of the Consolidated Financial Statements for the 161st Fiscal Term (year ended March 31, 2026) by the Accounting Auditor and the Audit and Supervisory Committee

Items for resolution

Proposal No. 1 Appropriation of Surplus

Proposal No. 2 Election of Seven (7) Directors (Other Than Those Who Are Audit and Supervisory Committee Members)

◎ If any revisions are made to the matters subject to the electronic provision measure, the revised contents will be posted on the websites where they are posted.

◎ The document delivered to shareholders also serves as the document in paper format in which the matters subject to the electronic provision measure are stated based on a request to deliver the document in a paper-based format. Note that the document does not include the following matters pursuant to the law and the provisions of Article 14 of the Company’s Articles of Incorporation.

[Business Report] 1. Current State of the SHIONOGI Group , (1) Business Operations and Results, (5) Financial Strategy and Shareholder Return Policy, (6)Shareholder Returns for FY2025, (7) Challenges Ahead, (8) Overview of Operations, (9) Main Operations of the SHIONOGI Group, (10) Main Offices, Plants, and Laboratories of the SHIONOGI Group, (11) Employees, (12) Main Loans from Banks, 2. Stock Data, 3. Stock Acquisition Rights, 4. Board Members (3) Outside Board Members, 5. Independent Accounting Auditor, 6. Systems and Policies of the Company, 7. Other Material Matters
[Consolidated Financial Statements] Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Changes in Equity, Notes to Consolidated Financial Statements
[Non-Consolidated Financial Statements] Non-Consolidated Balance Sheets, Non-consolidated Statements of Income, Non-consolidated Statements of Changes in Net Assets, Notes to Non-Consolidated Financial Statements
[Audit Report] Audit Report of Independent Accounting Auditors relating to the Consolidated Financial Statements, Audit Report of Independent Accounting Auditors, Audit Report of the Audit and Supervisory Committee
Therefore, the Business Report audited by the Audit and Supervisory Committee, and the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Accounting Auditor and the Audit and Supervisory Committee include the above matters stated in the document sent to shareholders and on each website.

How to Exercise Your Voting Rights

There are three ways to exercise your voting rights

Exercising your voting rights via the Internet

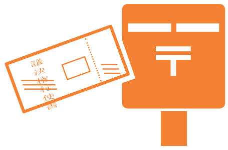
Enter your consent or refusal to the proposals on the designated website for exercising voting rights (as per the next page).

Voting deadline

Entry must be completed by **5:00 p.m.**, Tuesday, **June 23, 2026.**

See the next page for the method of exercising voting rights using a smartphone.

Mailing the voting form



Indicate your consent or refusal to the proposals on the attached voting form and return it. If no indication of consent or dissent for a proposal is made in the voting form, the vote shall be treated as an intent of consent.

Voting deadline

The form must arrive by **5:00 p.m.**, Tuesday, **June 23, 2026.**

Attending the General Meeting

Submit the attached voting form at the reception desk.

Date

The meeting will start at **10:00 a.m.**, Wednesday, **June 24, 2026.**

Notice Regarding Handling of Voting Rights

- If you exercise your voting rights both in writing and through the Internet, we will only accept the exercise of your voting rights through the Internet.
- If you exercise your voting rights more than once through the Internet, we will only accept the last exercise of your voting rights as valid
- The internet access fee to providers and telecommunications carriers and other fees for the usage of the website for exercising voting rights shall be borne by the shareholder.

Procedures on Exercise of Voting Rights through the Internet, etc.

"Smart Voting" (voting by scanning the QR code)

You can log in to the voting service website without entering your voting rights exercise code and password.

1 Scan the QR code on the bottom right of the proxy form.

※QR code is a registered trademark of Denso Wave Inc.

2 Enter your consent or refusal according to the instructions on the screen.

You can exercise your voting rights only once by "Smart Voting."

Note For changing the content of exercise after exercising your voting right, log in by using your voting rights exercise code and password as indicated on the right and exercise your voting right again.

Voting by entering the voting code and password

Voting service website https://www.web54.net

1 Access the voting service website.

Click "Proceed to the next step."

2 Enter the "voting rights exercise code" indicated on the proxy form.

Enter the "voting rights exercise code."

Click "Login."

3 Enter the "password" indicated on the proxy form.

Enter the "password."

Enter the new password that you will actually use.

Click "Register."

4 Enter your consent or refusal according to the instructions on the screen.

* The above operation screens are for illustration purposes only.

If you have any questions about how to operate your computer, smartphone or mobile phone to exercise your voting rights through the Internet, please call the number on the right.

Sumitomo Mitsui Trust Bank, Limited,
Stock Transfer Agency Web Support Exclusive Line
Tel: 0120-652-031 (toll free)
(Operating hours: 9:00 a.m. – 9:00 p.m.)

To institutional investors We participate in the "Electronic Voting System Platform" for institutional investors which is operated by ICJ, Inc.

Please view the livestream and submit your questions in advance.

As it is not possible to exercise your voting rights on the livestream website, please exercise your voting rights as soon as possible by referring to “How to Exercise Your Voting Rights” and “Procedures on Exercise of Voting Rights through the Internet, etc.” of this convocation notice.

Livestream through the Internet

Date and time for livestream

10:00 a.m., Wednesday, June 24, 2026 to the ending time of the Annual General Meeting of Shareholders

(Streaming will start at 9:30a.m.)

Advance acceptance of questions

Period for acceptance of questions

From 9:00 a.m., Wednesday, June 3, 2026 to noon Thursday, June 18, 2026

Method of viewing the livestream and submitting questions in advance

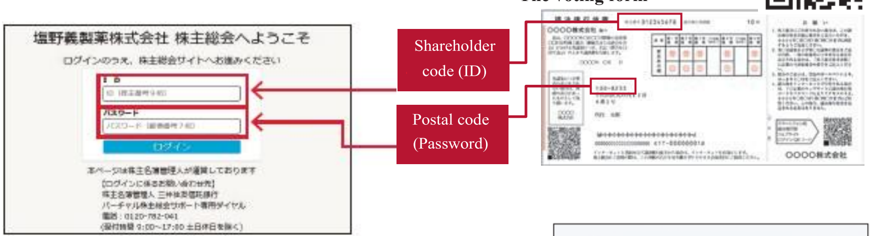
1 Access the website exclusively set for you

2 Enter the “Shareholder code” indicated on the voting form in the “ID” field, and “Postal code” in the “Password” field.

Voting website exclusively for you

https://4507.ksoukai.jp/

The voting form



3 On the choice screen after log-in, press the button of “View the livestream” if you wish to view the livestream, and the button of “Advance questions” if you wish to raise questions in advance.

4 Enter necessary items following the instructions given on the screen.

※ The operation screen is an image

Notes concerning viewing the livestream and advance questions

- We will accept up to two advance questions per shareholder concerning the subject matters of this general meeting of shareholders, and answer the questions in which many shareholders are highly interested at the meeting. Please understand in advance that we will not answer individual questions.
- The Company may not be able to livestream the meeting due to unavoidable circumstances. In such a case, a notice will be posted on the Company's website.
- Only shareholders themselves are allowed to view the livestream.
- It is strictly prohibited to film, record, or save the livestream, or publish it on SNS or other media.
- Please note that problems such as disturbance of video or audio or interruption of livestreaming may occur due to the Internet communication environment and other factors.
- You may not be able to view the livestream depending on your device or network environment.
- Any costs incurred in accessing the website for viewing the livestream (e.g. connection fees, communication fees) should be borne by the shareholder.

If you are not sure about your shareholder code (ID) or postal code (password), please contact the administrator of shareholder registry indicated on the right.	**Sumitomo Mitsui Trust Bank, Limited** (Livestream desk for the shareholder's meeting) Telephone: 0120 - 782 - 041 (Toll free) (Open from 9:00 a.m.to 5:00 p.m.; except for Saturdays, Sundays and national holidays)
How to view the livestream of the meeting: Please contact the service desk on the right if you have any questions.	**V-cube, Inc.** Telephone: 03 - 6833 - 6855 (Open from 9:00 a.m. to the end of the meeting on Wednesday, June 24)

REFERENCE MATERIALS CONCERNING THE EXERCISE OF VOTING RIGHTS

Proposals and Reference Matters

No. 1: Appropriation of Surplus

The Company's basic policy is to make aggressive investments in future business development to increase corporate value with a medium-to-long-term perspective along with the growth of its business and to steadily increase dividends.

To return profits to shareholders by steadily increasing the dividend amount in proportion to growth, the Company has made the DOE (Dividend on equity attributable to owners of the parent) ratio a performance indicator and set a target of 4.0% or higher as its policy for allocation of its business results.

Based on this policy, the Company proposes to appropriate retained earnings for the fiscal year ended March 31, 2026 as follows:

(1) Type of dividend assets
Cash

(2) Allocation of dividend assets to the shareholders and total amount of allocation
¥38 per share of common stock   Total amount of dividends: ¥32,679,066,606-

(3) Effective date of dividends
June 25, 2026

Including the interim dividend, cash dividends for the fiscal year ended March 31, 2026 totaled ¥71 per share, an increase of ¥10 per share compared with the previous fiscal year.

No. 2: Election of Seven (7) Directors (Other Than Those Who Are Audit and Supervisory Committee Members)

The term of office of all six (6) Directors (other than those who are Audit and Supervisory Committee members) expires at the end of this Annual General Meeting of Shareholders.

To further strengthen management, the Company proposes to elect seven (7) Directors (other than those who are Audit and Supervisory Committee members).

Candidates for Director (other than those who are Audit and Supervisory Committee members) are deliberated fairly, transparently and rigorously by the Nomination Advisory Committee, which is chaired by an outside director, and decided by the Board of Directors after obtaining the recommendation of the Nomination Advisory Committee.

After reviewing this proposal, the Audit and Supervisory Committee has concluded that there are no particular objections, as each director candidate has been thoroughly reviewed by the Nomination Advisory Committee, and each candidate meets the election policy for Shionogi directors (excluding directors who are Audit and Supervisory Committee members).

Candidates for Director are as follows:

Candidate No.	Name	Age		Position and responsibility within the Company	Number of years served as Director	Attendance at Board of Directors meetings
1	Isao Teshirogi	66		Representative Director, President and CEO	24 years	14/14 (100%)
2	John Keller	61		Director, Senior Executive Officer, Senior Vice President, R&D Supervisory Unit	1 year	11/11 (100%)
3	Keiichi Ando	74		Director	10 years	14/14 (100%)
4	Hiroshi Ozaki	76		Director	7 years	14/14 (100%)
5	Takaoki Fujiwara	74		Director	3 years (5years as Corporate Auditor)	14/14 (100%)
6	Kyoko Hirose	67		Director	1 year	11/11 (100%)
7	Keiichi Yoshii	67		-	-	-

Director candidate for reappointment / Director candidate for new appointment / Outside director candidate / Independent director registered with Tokyo Stock Exchange

* For the reason for nomination as director candidate, please refer to the career summary of each candidate. Please also refer to the notes for outside director candidates.

Notes:
1. The number of years served as director is calculated up to the conclusion of this General Meeting of Shareholders.
2. John Keller and Kyoko Hirose's attendance at Board of Directors meetings indicates the frequency of their attendance after being appointed on June 18, 2025.

No.

1 Isao Teshirogi
(December 12, 1959)

Number of years served as Director: 24 years (as at the closing of this Annual General Meeting of Shareholders)

Number of the Company's shares owned: 321,450 shares

Attendance at Board of Directors meetings: 14 / 14 (100%)

Reappointment

■Career summary, position and responsibility within the Company

April 1982:	Joined the Company
January 1999:	General Manager, Secretary Office and General Manager, Corporate Planning Department
June 2002:	Director of the Company
October 2002:	General Manager, Corporate Planning Department
April 2004:	Executive Officer and Executive General Manager, Pharmaceutical Research & Development Division
April 2006:	Senior Executive Officer and Executive General Manager, Pharmaceutical Research & Development Division
April 2007:	Senior Executive Officer
April 2008:	Representative Director and President and CEO of the Company
June 2021:	Outside Director of Sumitomo Mitsui Banking Corporation
March 2022:	Outside Director of AGC Inc. (incumbent)
July 2022:	Representative Director, President and CEO.of the Company (incumbent)
June 2024:	Outside Director of Japan Exchange Group, Inc. (incumbent)
June 2025:	Outside Director of Sumitomo Mitsui Financial Group, Inc. (incumbent)

■Major concurrent posts

- Outside Director, AGC Inc.
- Outside Director, Japan Exchange Group, Inc.
- Outside Director, Sumitomo Mitsui Financial Group, Inc.

Reasons for nominating the candidate for Director

Isao Teshirogi became Representative Director and President in 2008. He has actively pushed forward with global research and development and expansion of global business to achieve the Third Medium-Term Business Plan and secured a medium- to long-term profit foundation. After achieving the quantitative targets of "Shionogi Growth Strategy 2020 (SGS2020)," formulated in FY2014, he updated the quantitative targets in October 2016 and also achieved these targets ahead of schedule. From 2020, he worked to achieve the Medium-Term Business Plan "Shionogi Transformation Strategy 2030 (STS2030)," which includes SHIONOGI's vision toward 2030, "Building Innovation Platforms to Shape the Future of Healthcare." As the path toward realizing the 2030 Vision has become clearer, he re-established the plan in June 2023 as the "STS2030 Revision" and has vigorously moved forward with the business transformation, including globalization and business models, with the aim of achieving further growth. We therefore recommend that you vote for his reelection as a director.

No.

2 John Keller
(December 14, 1964)

Number of years served as Director:	1	year (as at the closing of this Annual General Meeting of Shareholders)
Number of the Company's shares owned:	22,500	shares
Attendance at Board of Directors meetings:	11 ／ 11	(100%)

Reappointment

■Career summary, position and responsibility within the Company

July 2010:	Joined Shionogi Inc. (SI) Executive Vice President, Corporate Development and Strategy
April 2011:	President and Chief Executive Officer (CEO), SI
April 2013:	Corporate Officer of the Company and President and CEO of SI
April 2017:	Senior Executive Officer of the Company and President and CEO of SI
April 2018:	Senior Executive Officer and Senior Vice President, Global Business Division of the Company
July 2021:	Senior Executive Officer and Senior Vice President, Corporate Strategy Division of the Company
July 2022:	Senior Executive Officer and Senior Vice President, R&D Supervisory Unit of the Company
June 2025:	Director, Senior Executive Officer and Senior Vice President, R&D Supervisory Unit of the Company (incumbent)

Reasons for nominating the candidate for Director

John Keller has served as President and CEO of Shionogi Inc., a U.S. subsidiary of Shionogi, as well as Senior Vice President of Shionogi's Global Business Division and the Corporate Strategy Division, and has been supervising R&D in general as Senior Vice President of the R&D Supervisory Unit since July 2022. With the aim of achieving our Medium-Term Business Plan, which was re-established as "Shionogi Transformation Strategy 2030 (STS2030) Revision" in June 2023, he has developed numerous pipelines and created new development candidates, as well as engaged in partnerships and licensing activities with research institutions and companies around the world and M&As, thereby promoting further growth of the SHIONOGI Group. We therefore recommend that you vote for his election as a director.

No.

3 Keiichi Ando
(November 5, 1951)

Number of years served as Director	10	years (as at the closing of this Annual General Meeting of Shareholders)
Number of the Company's shares owned	0	shares
Attendance at Board of Directors meetings:	14 ⁄ 14	(100%)

Reappointment

Outside Director | Independent Director

■Career summary, position and responsibility within the Company

April 1976:	Joined Sumitomo Bank Limited
April 2003:	Executive Officer, Sumitomo Mitsui Banking Corporation
April 2006:	Managing Executive Officer, Sumitomo Mitsui Banking Corporation
April 2009:	Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation
April 2010:	Representative Director and Deputy President and Executive Officer, Sumitomo Mitsui Banking Corporation
April 2012:	Representative Director and President, NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD
July 2012:	Representative Director and President and CEO, NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD
June 2016:	Director of the Company (incumbent)
June 2016:	Representative Director and President, GINSEN CO., LTD
June 2017:	Outside Director of Tsubakimoto Chain Co. (incumbent)
June 2019:	Outside Director of DAIHEN Corporation

■Major concurrent posts

- Outside Director, Tsubakimoto Chain Co.

Reasons for nominating the candidate for Outside Director

Keiichi Ando has practical experience as a corporate executive at a financial institution and broad insight on finance. He also coordinated the extremely difficult adjustments between the national government and the governments of Osaka Prefecture and Osaka City for the airport management business of Kansai, which was then at a crossroads, and his experience and insight built the foundation of Kansai Airports, which plays a leading role in the current Kansai economy. At the Company's Board of Directors meetings, he presents many questions and opinions and provides sound advice from the perspective of budget management, investments and M&As as part of the growth strategy, capital policies, and risk management to ensure effective use of important management resources, while, as chair of the Board, taking into account the timeliness and appropriateness of the proposals. Thus, he recognizes the corporate responsibility we should fulfill and makes management decisions with an emphasis on objectivity and impartiality, without bias in favor of corporate executives or specific interested parties. We therefore recommend that you vote for his reelection as an outside director.

Notes

- Keiichi Ando is a candidate for outside director stipulated in Article 2, Paragraph 3, Sub-paragraph 7 of the Enforcement Regulations of the Companies Act.
- Keiichi Ando is registered as an independent director as defined in the regulations of the Tokyo Stock Exchange. If this proposal is approved and this candidate is reelected as an outside director, he will continue to be registered as an independent director.

No.

4 Hiroshi Ozaki
(March 11, 1950)

Number of years served as Director	7	years (as at the closing of this Annual General Meeting of Shareholders)
Number of the Company's shares owned	0	shares
Attendance at Board of Directors meetings:	14 ／ 14	(100%)

Reappointment

Outside Director　Independent Director

■Career summary, position and responsibility within the Company

May 1972:	Joined Osaka Gas Co., Ltd.
June 2000:	Director, Osaka Gas Co., Ltd.
June 2002:	Director and Tokyo Representative, Osaka Gas Co., Ltd., on loan to the Japan Gas Association
June 2005:	Managing Director and General Manager of LNG Terminal and Power Generation Business Unit, Osaka Gas Co., Ltd.
June 2007:	Managing Director and General Manager of Commercial & Industrial Energy Business Unit, Osaka Gas Co., Ltd.
April 2008:	Representative Director and President, Osaka Gas Co., Ltd.
June 2008:	Director, Osaka Gas Chemicals Co., Ltd.
June 2009:	Representative Director and President, Operating Executive Officer, Osaka Gas Co., Ltd.
June 2009:	Director of OGIS-RI Co., Ltd.
June 2011:	Outside Director of Asahi Broadcasting Corporation (now Asahi Broadcasting Group Holdings Corporation)
April 2015:	Representative Director and Chairman, Osaka Gas Co., Ltd.
June 2019:	Director of the Company (incumbent)
January 2021:	Director and Senior Advisor, Osaka Gas Co., Ltd.
June 2021:	Senior Advisor, Osaka Gas Co., Ltd. (incumbent)
June 2021:	Outside Director, The Royal Hotel, Ltd. (incumbent)
June 2024:	Outside Director of Hiroshima Gas Co., Ltd. (incumbent)

■Major concurrent posts

- Outside Director, The Royal Hotel, Ltd
- Outside Director, Hiroshima Gas Co., Ltd.

Reasons for nominating the candidate for Outside Director

Hiroshi Ozaki has abundant practical experience and wide-ranging knowledge in corporate management and organizational management as a manager of a company based in Kansai. He is also the former chairman of the Osaka Chamber of Commerce and Industry, and during his tenure promoted the economic growth of Osaka and Kansai based on the medium-term plan he developed, as well as focusing on promoting the life science industry. At the Company's Board of Directors meetings, he raises many pertinent questions and provides sound advice on business development, including new business investments and business alliances, and risk management, including IT/DX, and supply chains. Accordingly, he makes management decisions with an emphasis on objectivity and neutrality based on his extensive experience and knowledge. We therefore recommend that you vote for his reelection as an outside director.

Notes

- Hiroshi Ozaki is a candidate for outside director stipulated in Article 2, Paragraph 3, Sub-paragraph 7 of the Enforcement Regulations of the Companies Act.
- Hiroshi Ozaki is registered as an independent director as defined in the regulations of the Tokyo Stock Exchange. If this proposal is approved and this candidate is reelected as an outside director, he will continue to be registered as an independent director.

No.

5 Takaoki Fujiwara
(February 23, 1952)

Number of years served as Director	3	years (as at the closing of this Annual General Meeting of Shareholders)
Number of years served as Corporate Auditor	5	years
Number of the Company's shares owned	0	shares
Attendance at Board of Directors meetings:	14 / 14	(100%)

Reappointment

Outside Director

Independent Director

■Career summary, position and responsibility within the Company

April 1975:	Joined Hanshin Electric Railway Co., Ltd.
June 2005:	Director, Hanshin Electric Railway Co., Ltd.
June 2007:	Managing Director, Hanshin Electric Railway Co., Ltd.
April 2011:	President and Representative Director, Hanshin Electric Railway Co., Ltd.
June 2011:	Director, Hankyu Hanshin Holdings, Inc.
April 2015:	Chairman and Representative Director, Hanshin Hotel Systems, Co., Ltd.
April 2017:	Chairman of the Board of Directors and Representative Director, Hanshin Electric Railway Co., Ltd.
June 2017:	Representative Director, Hankyu Hanshin Holdings, Inc.
June 2017:	Outside Director of Sanyo Electric Railway Co., Ltd.
December 2017:	Director, Hanshin Hotel Systems, Co., Ltd.
June 2018:	Outside Corporate Auditor of the Company
April 2023:	Advisor of Hanshin Electric Railway Co., Ltd. (incumbent)
June 2023:	Outside Director of the Company (incumbent)

Reasons for nominating the candidate for Outside Director

Takaoki Fujiwara has extensive practical experience and a wide range of knowledge as a manager of a group of companies engaged in urban transport, real estate and entertainment, mainly in the Kansai area. At the Company's Board of Directors meetings, he provides sound advice, mainly on human resource management, organizational culture, quality control, risk management, and compliance. Accordingly, he makes management decisions that emphasize objectivity and neutrality based on his extensive experience and knowledge. We therefore recommend that you vote for him reelection as an outside director.

Notes

- Takaoki Fujiwara is a candidate for outside director stipulated in Article 2, Paragraph 3, Sub-paragraph 7 of the Enforcement Regulations of the Companies Act.
- Takaoki Fujiwara is registered as an independent director as defined in the regulations of the Tokyo Stock Exchange. If this proposal is approved and this candidate is reelected as an outside director, he will continue to be registered as an independent director.

No.

6 Kyoko Hirose
(March 27, 1959)

Reappointment

Outside Director | Independent Director

Number of years served as Director:	1	year (as at the closing of this Annual General Meeting of Shareholders)
Number of the Company's shares owned:	0	shares
Attendance at Board of Directors meetings:	11 ⁄ 11	(100%)

■Career summary, position and responsibility within the Company

March 1982:	Joined Hirose Manufacturing Co., Ltd.
March 1983:	Director of Hirose Manufacturing Co., Ltd.
December 2001:	President of Hirose Manufacturing Co., Ltd. (incumbent)
November 2020:	Vice-Chair of the Osaka Chamber of Commerce and Industry (incumbent)
May 2022:	Outside Director of Kintetsu Department Store Co., Ltd. (incumbent)
June 2024:	Outside Director (Audit and Supervisory Committee Member) of Okumura Corporation (incumbent)
June 2025:	Outside Director of the Company (incumbent)

■Major concurrent posts

- President, Hirose Manufacturing Co., Ltd.
- Outside Director, Kintetsu Department Store Co., Ltd.
- Outside Director (Audit and Supervisory Committee Member), Okumura Corporation

Reasons for nominating the candidate for Outside Director

Kyoko Hirose has abundant practical experience as a manager of a company that manufactures and sells key components of industrial sewing machines on a global scale. She also serves as Vice-Chair of the Osaka Chamber of Commerce and Industry and has wide-ranging knowledge as an economic expert, including in the areas of women's empowerment and diversity. At the Company's Board of Directors meetings, she provides sound advice, mainly on organizational culture, risk management and compliance associated with globalization. Accordingly, she makes management decisions with an emphasis on objectivity and neutrality based on her extensive experience and knowledge. We therefore recommend that you vote for her election as an outside director.

Notes

- Kyoko Hirose is a candidate for outside director stipulated in Article 2, Paragraph 3, Sub-paragraph 7 of the Enforcement Regulations of the Companies Act.
- Kyoko Hirose is registered as an independent director as defined in the regulations of the Tokyo Stock Exchange. If this proposal is approved and this candidate is reelected as an outside director, she will continue to be registered as an independent director.
- Kyoko Hirose was elected as a substitute Director who is an Audit and Supervisory Committee Member at the Company's 160th Annual General Meeting of Shareholders held on June 18, 2025, and such election is effective until the commencement of the Company's 162nd Annual General Meeting of Shareholders in 2027..

No.

7 Keiichi Yoshii
(May 27, 1958)

Number of the Company's shares owned: 0 shares

New appointment

Outside Director | Independent Director

■Career summary, position and responsibility within the Company

June 1990:	Joined Daiwa House Industry Co., Ltd.
April 2010:	Executive Officer of Daiwa House Industry Co., Ltd.
June 2011:	Director, Senior Executive Officer, Head of Overseas Business and in charge of overseas business of Daiwa House Industry Co., Ltd.
April 2013:	Director, Managing Executive Officer and Tokyo Head Branch Manager of Daiwa House Industry Co., Ltd.
April 2016:	Director, Senior Managing Executive Officer, Tokyo Head Branch Manager and Head of Sales Headquarters of Daiwa House Industry Co., Ltd.
November 2017:	Representative Director and President, COO of Daiwa House Industry Co., Ltd.
June 2019:	Representative Director and President, CEO and COO of Daiwa House Industry Co., Ltd.
July 2022:	Vice-Chair of the Osaka Chamber of Commerce and Industry (incumbent)
April 2025	Representative Director and Chairman, CEO and Head of Overseas Division of Daiwa House Industry Co., Ltd. (incumbent)

■Major concurrent posts

- Representative Director and Chairman, CEO and Head of Overseas Division of Daiwa House Industry Co., Ltd.

Reasons for nominating the candidate for Outside Director

Keiichi Yoshii promotes strengthening the management foundation by expanding earnings and reinforcing governance, as the top management of Japan's largest comprehensive housing manufacturer. He strives to establish a sustainable growth model and has extensive experience and insights in managing a group of companies. Accordingly, we expect that he will make management decisions with an emphasis on objectivity and neutrality based on his extensive experience and knowledge. We therefore recommend that you vote for his election as an outside director.

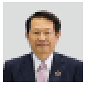
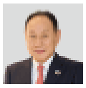
Notes

- Keiichi Yoshii is a candidate for outside director stipulated in Article 2, Paragraph 3, Sub-paragraph 7 of the Enforcement Regulations of the Companies Act.
- If this proposal is approved and Keiichi Yoshii is elected as outside director, the Company plans to designate him as an independent director as defined in the regulations of the Tokyo Stock Exchange, Inc.

Notes:

1. There are no special interests between the candidates and the Company.
2. The Company has concluded contracts with Keiichi Ando, Hiroshi Ozaki, Takaoki Fujiwara and Kyoko Hirose that limit their liability stipulated in Section 1, Article 423 of the Companies Act based upon Section 1, Article 427 of the Companies Act and Article 25 of the Articles of Incorporation of the Company. In the event that the candidates are reelected as directors at this Annual General Meeting of Shareholders, the Company will continue to conclude such contracts with the candidates based on the provisions of Article 427, Paragraph 1 of the Companies Act and Article 26 of the Articles of Incorporation of the Company (after the amendment of the Articles of Incorporation pursuant to Proposal No. 2 "Amendments to Articles of Incorporation"). Furthermore, if Keiichi Yoshii is elected, the Company plans to enter into the above contract that limits his liability with him.
3. The Company has entered into a directors and officers liability insurance (D&O Insurance) contract with an insurance company as stipulated in Section 1, Article 430-3 of the Companies Act. The insurance policy will cover compensation for damages, litigation costs and the like (except for exclusions set forth in the insurance policy) if compensation is claimed against a director or officer for damages arising from the execution of his/her duties during the insurance period. Each candidate will be included as an insured person under the insurance policy. The Company bears all premiums for the insurance policy.

[Reference] Expected Skill Matrix for after Conclusion of General Meeting of Shareholders

	Name	Age	Position and responsibility within the Company	Number of years served	Board of Directors	Nomination Advisory Committee	Compensation Advisory Committee	Audit and Supervisory Committee
	Isao Teshirogi	66	Representative Director President and CEO	24	●	●	●	
	John Keller	61	Director Senior Executive Officer, Senior Vice President, R&D Supervisory Unit	1	●			
	Keiichi Ando	74	Outside Director	10	◎	●	●	
	Hiroshi Ozaki	76	Outside Director	7	●	●	◎	
	Takaoki Fujiwara	74	Outside Director	3 (5 years as Corporate Auditor)	●	◎	●	
	Kyoko Hirose	67	Outside Director	1	●	●	●	
	Keiichi Yoshii	68	Outside Director	—	●	●	●	
	Noriyuki Kishida	65	Director Standing Audit and Supervisory Committee Members	1 (1 year as Corporate Auditor)	●	●		●
	Koji Hanasaki	64	Director Standing Audit and Supervisory Committee Members	1	●		●	●
	Shuichi Okuhara	58	Outside Director Audit and Supervisory Committee Members	1 (5 years as Corporate Auditor)	●			●
	Fumi Takatsuki	51	Outside Director Audit and Supervisory Committee Members	6	●			●
	Yoriko Goto	67	Outside Director Audit and Supervisory Committee Members	1 (2 years as Corporate Auditor)	●	●	●	◎

●Participating member ◎Chair

Corporate Management/ Management Strategy	Finance/ Accounting/ Tax Affairs	Personnel & Labor/Human Resources Development/ D&I	Science/ Technology/ Innovation	Production/ Quality/ Supply Chains	Sales/ Marketing	DX promotion	Legal Affairs/ Risk Management
●			●	●			●
●			●		●		
●	●	●					●
●			●	●		●	
●		●			●		
●		●		●			
●					●		●
		●			●		●
	●		●	●			
●	●		●			●	
		●					●
●	●						●

Note: This table shows the areas in which each officer has more specialized skills expected by the SHIONOGI Group, based on each officer's career history, etc., and does not show all the skills that each individual possesses. Some of the skills that were previously displayed have been consolidated and renamed, and some (SDGs/sustainability, etc.) displays have been omitted, but the importance of each of the skill requirements to our business management has not changed.

〔Reference〕

The Requirements and Independence Standards

Requirements

1. Outside directors shall have outstanding insights and capabilities based on experience and specialized knowledge in management, and shall be able to exercise them.
2. Outside directors shall recognize their roles, and shall take every opportunity to provide candid opinions and advice to the Company's management.
3. Outside directors shall have a character that facilitates credible working relationships with the Company's management as well as stakeholders.
4. Outside directors shall not act contrary to the interests of shareholders and shall not be interested parties with the Company.

Independence Standards

1. Outside directors shall not be a major shareholder of the SHIONOGI Group (a shareholder who holds 10% or more of the total outstanding shares of the Group or who is one of the Group's top five shareholders), or, if such major shareholder is a corporation or organization, the outside directors and corporate auditors shall not be a director, corporate auditor, executive officer or employee of such corporation or organization.
2. Outside directors shall not be a director, corporate auditors, executive officer or employee of a company of which the SHIONOGI Group is a major shareholder (a company in which the Group holds 10% or more of the voting rights or a company in which the Group is one of the top five shareholders).
3. Outside directors shall not be a director, corporate auditors, executive officer or employee of a major business partner of the SHIONOGI Group.
   A "major business partner of the SHIONOGI Group" refers to any of the following:
   a. A business partner for which the amount of payment from the SHIONOGI Group to such business partner accounts for 2% or more of the SHIONOGI Group's consolidated sales on average over the last three business years of the SHIONOGI Group, including the most recent business year.
   b. A business partner for which the amount of money the SHIONOGI Group has received from such business partner accounts for 2% or more of the SHIONOGI Group's consolidated sales on average over the last three business years of the SHIONOGI Group, including the most recent business year.
4. Outside directors shall not be a director, corporate auditor, executive officer or employee of a company for which the SHIONOGI Group is a major business partner.
   A "company for which the Group is a major business partner" refers to any of the following (except in the case where (5) applies):
   a. A company for which the amount of payment from such company to the SHIONOGI Group accounts for 2% or more of the company's consolidated sales on average over the last three business years of the company, including the most recent business year.
   b. A company for which the amount of money such company has received from the SHIONOGI Group accounts for 2% or more of the company's consolidated sales on average over the last three business years of the company, including the most recent business year.
5. If directors are consultants or accounting or legal professionals, the directors or the corporation or organization to which they belong shall not receive any of the following remuneration from the SHIONOGI Group other than their director or corporate auditor remuneration.
   a. (For individuals) Remuneration of 10 million yen or more per year
   b. (For corporations, organizations, etc.) Remuneration equal to or greater than 2% of the consolidated sales of a corporation, institution or the like to which the directors belong or 10 million yen per year, whichever is higher, on average over the last three business years of such corporation, organization or the like, including the most recent business year
6. Outside directors shall not have a position with a corporation or foundation to which the SHIONOGI Group contributes more than 10 million yen annually.
7. The tenure of the SHIONOGI Group's outside directors shall not exceed a total of 10 years.

Business Report FY2025 (commenced April 1, 2025 and ended March 31, 2026)

1. Current State of the SHIONOGI Group

(1) Business Operations and Results

1 Summary of Consolidated Results

◆ **Overview of Business (IFRS)**

Summary of consolidated statement of income for FY2025

		FY2024	FY2025	YoY (%)
Revenue	(¥ in 100 million)	4,383	4,997	14.0%
Operating profit	(¥ in 100 million)	1,566	1,667	6.5%
Core operating profit *1	(¥ in 100 million)	1,584	1,608	1.5%
Profit before tax	(¥ in 100 million)	2,008	2,389	19.0%
Profit attributable to owners of parent	(¥ in 100 million)	1,704	2,052	20.4%
EBITDA *2	(¥ in 100 million)	1,793	1,877	4.7%

*1 Core operating profit: Operating profit adjusted for non-recurring items (e.g. impairment loss, gain on sales of property, plant and equipment)
*2 Earnings Before Interest, Taxes, Depreciation and Amortization: Core operating profit plus depreciation and amortization

A New Record for Highest Earnings Since Shionogi's Founding

Revenue was 499.7 billion yen (up 14.0% year on year). In addition to the stable growth of overseas business and royalty income, our domestic business expanded significantly following the acquisition of Torii Pharmaceutical Co., Ltd. (hereinafter, "Torii Pharmaceutical") as a consolidated subsidiary through M&A of the pharmaceutical business of the Japan Tobacco Inc. (hereinafter, "JT") Group (JT Pharmaceutical Business, JT group company Torii Pharmaceutical, and U.S. group company Akros), and the recording of its revenue. As a result, each business made steady progress, and revenue for FY2025 exceeded that of the previous fiscal year, marking a record high for the fourth consecutive year.

In terms of profits, despite a year-on-year increase in expenses, particularly in sales, general and administrative expenses, as a result of actively making preparations for the launch of new products in the U.S., and post-merger integration (PMI[A1.1]) activities related to business investments for future growth, operating profit increased 6.5% to 166.7 billion yen, marking a record high for the fourth consecutive year. Profit before tax was 238.9 billion yen, up 19.0% year on year, profit attributable to owners of parent was 205.2 billion yen, up 20.4%, and EBITDA was 187.7 billion yen, up 4.7%.

In FY2025, we achieved record-high results in revenue and all profit items, while making significant business investments aimed at business expansion and globalization to realize our 2030 Vision.

◆ **Overview of Assets, etc. (IFRS)**

Items of consolidated statement of financial position

		End of FY2024	End of FY2025	YoY (%)
Total assets	(¥ in 100 million)	15,353	25,769	67.8%
Total equity	(¥ in 100 million)	13,625	16,862	23.8%
Total liabilities	(¥ in 100 million)	1,729	8,907	415.3%

◆Progress of Domestic Business

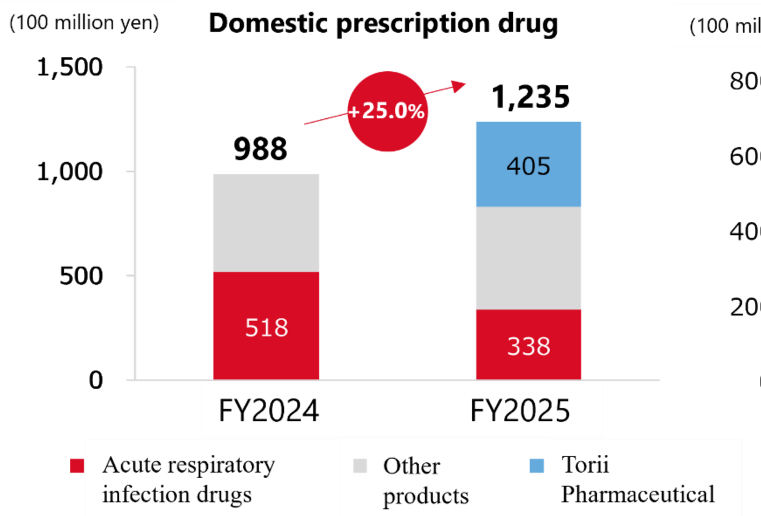
Domestic revenue from prescription drugs was 123.5 billion yen (up 25.0% year on year). As Torii Pharmaceutical became a consolidated subsidiary on September 1, 2025, its sales for seven months have been recorded. In addition, through co-promotion of key products of Shionogi and Torii Pharmaceutical, we have been able to leverage each company's strengths to provide information to medical institutions in a mutually complementary manner, thereby achieving an increase in revenue.

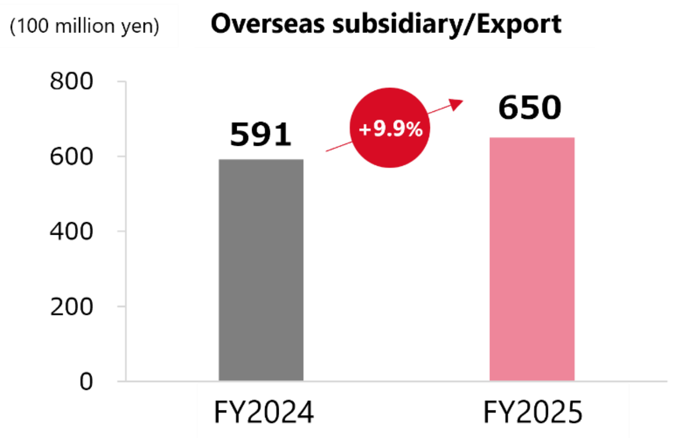
By product category, revenue from acute respiratory infection drugs was 33.8 billion yen, a 34.8% decrease year on year. Sales of the anti-coronavirus drug Xocova decreased due to the low prevalence of COVID-19 compared to the previous year. On the other hand, sales of the influenza antiviral drug Xofluza increased in line with the spread of influenza during the winter. Although both drugs managed to generate a certain level of revenue by maintaining a high market share in their respective treatment drug markets, overall revenue in the acute respiratory infections field fell short of last year's level.

In the QOL disease field, prescriptions of QUVIVIQ, an insomnia treatment, have increased as one year has passed since its launch and the 14-day prescription restriction has been lifted. As a result, revenue increased 224.1% to 2.6 billion yen, significantly exceeding that of the previous year. Furthermore, in March 2026, marketing commenced for ZURZUVAE, a treatment drug for depression with a novel mechanism of action.

◆Progress of Overseas Business

Revenue from our overseas business increased 9.9% year on year to 65.0 billion yen. In the U.S. and Europe, due to robust marketing of cefiderocol (brand names: Fetroja in U.S., Fetcroja in Europe), revenue was 28.7 billion yen for the U.S. business (up 22.9% year on year) and 20.8 billion yen for the Europe business (up 23.4% year on year).
Revenue from our China business was 6.2 billion yen, a 28.3% decrease year on year. The main factor for the decrease was a decline in sales of generic drugs resulting from healthcare cost-containment policies. Meanwhile, we made steady progress in transitioning to a new drug business. We obtained approval for cefiderocol in January 2026 for the treatment of complicated urinary tract infections caused by Gram-negative bacteria, and our new drug application for naldemedine, a treatment for opioid-induced constipation, was accepted in May 2025.



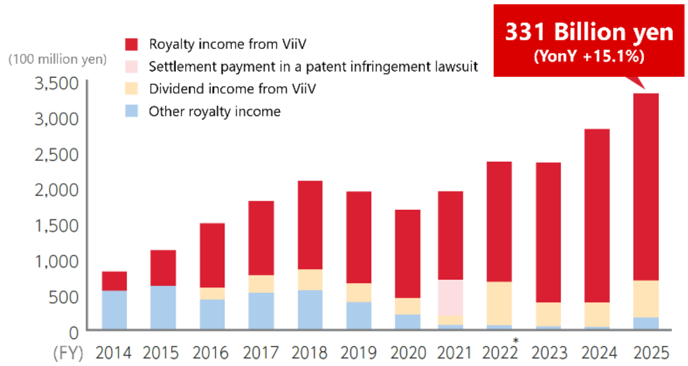


◆Robust royalty and dividend income from ViiV

Royalty income from U.K.-based ViiV Healthcare (hereinafter, “ViiV”) increased 8.7% year on year to 261.3 billion yen due to strong growth of oral two-drug combinations and long-acting injectables (LAI formulations). Other royalty income increased significantly to 17.3 billion yen, up 304.9% year on year, supported by strong sales of influenza drug Xofluza, which was out-licensed to Roche (Switzerland), as well as the recognition of new royalties related to the JT Pharmaceutical Business, which Shionogi acquired on December 1. Dividend income from ViiV increased 30.0% year on year to 52.4 billion yen due to steady progress of ViiV’s business.

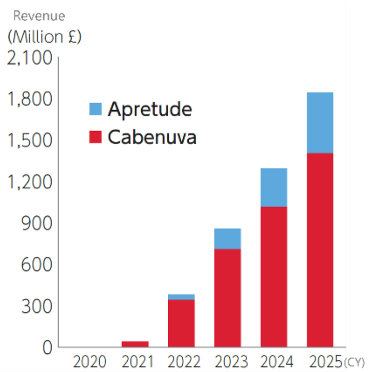
*An increase in dividends due to two temporary factors:
1) settlement of a patent infringement lawsuit filed by ViiV against Gilead
2) a timing difference in the receipt of dividends for Q4 FY2021

[Royalties and dividend income from ViiV]

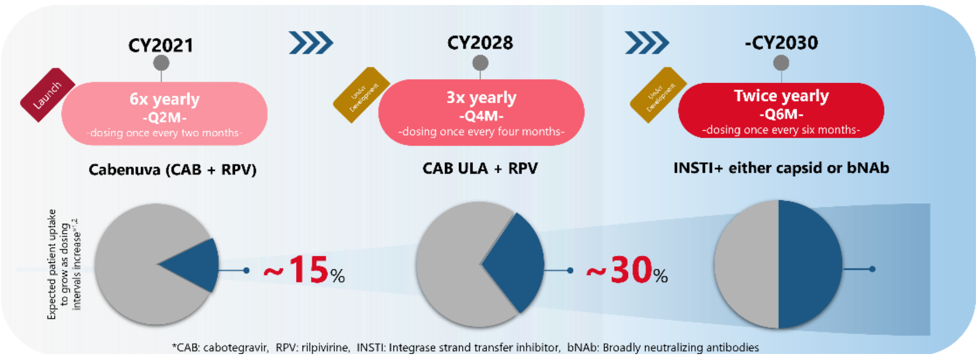


For the Growth of Long-Acting Formulations and the Development of Next-Generation Ultra-Long-Acting Formulation S-365598

For people living with HIV, treatment is a long-term process, and daily medication can be a significant burden on daily life. Therefore, there is a need for a new treatment option to replace daily oral medications. Long-acting injectable (LAI) formulations of Cabenuva and the prophylactic Apretude, discovered by Shionogi and marketed by ViiV, have seen a sharp rise in use in recent years (Figure 1). LAI formulations improve the quality of life (QOL) of people living with HIV. Currently, the maximum dose interval for LAI formulations is once every two months. However, a research by ViiV indicates that interest in using LAI formulations increase if the dose interval is extended to once every four months or six months (Figure 2). Further extensions of LAI formulations’ dose intervals are anticipated. The development of S-365598, which was discovered by Shionogi and is being co-developed with ViiV as an ultra-long-acting (ULA) formulation that can be administered once every six months, is progressing steadily. This compound is characterized by its excellent persistence and potent antiviral activity, as well as its different resistance profile compared to existing drugs. In collaboration with ViiV, Shionogi will drive development toward early commercialization of S-365598.



Growth from marketing of LAI formulations (Figure 1)



Changes in the number of potential patients preferring LAI formulations due to extended dose intervals (Figure 2)

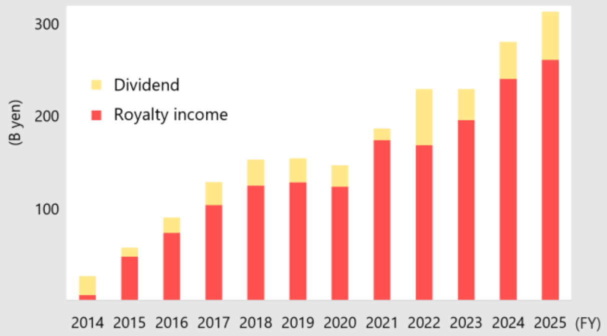
◆Prerequisite for Business Investment: Prospects for Stable Business Management

The HIV business, which is Shionogi's revenue base, continues to perform well, and the prospect for securing stable revenue over the medium to long term is improving. ViiV's efforts have increased the market penetration of LAI formulations and advanced the development of ultra-long-acting formulation, S-365598, as planned. Shionogi believes that business investments should be made with an eye toward future growth, based on a stable business foundation, rather than to supplement revenue and profit shortages. With this in mind, we made a significant business investment in FY2025 to strengthen our management and business foundations for future growth.

Growth of HIV business

Build a highly efficient and robust earnings base

[Trends of HIV royalty income and dividend from ViiV]



Mid- to long-term HIV business outlook

HIV business will remain the backbone of the business even after 2030

-Strong growth in LAI formulations-

Sustained growth of Cabenuva and Apretude

-Developing next-generation growth drivers-

Accelerating growth through the launch of S-365598

◆Three Business Investments and Basic Policy

In FY2025, we made three major business investments to accelerate growth and achieve our 2030 Vision. Specifically, these investments were the following: 1) the M&A of the JT Group's pharmaceutical business (including Torii Pharmaceutical); 2) the acquisition of the edaravone business[*1]; and 3) an additional investment in ViiV. Though each investment had a different purpose, we consider them all business investments that would strengthen SHIONOGI's foundation, in accordance with the management strategy presented in our medium-term business plan, STS2030.

*1 This was completed on April 1, 2026. (The rights in certain countries and regions will be transferred sequentially, following the prescribed procedures.)

M&A of JT Group's pharmaceutical business

Purpose

Strengthen in-house drug discovery capabilities and domestic marketing

Acquisition of edaravone business

Purpose

Establish rare disease business in U.S.

Additional investment in ViiV

Purpose

Strengthen management foundation

4 Business Investments Made During FY2025

◆Outline of the Business Investments

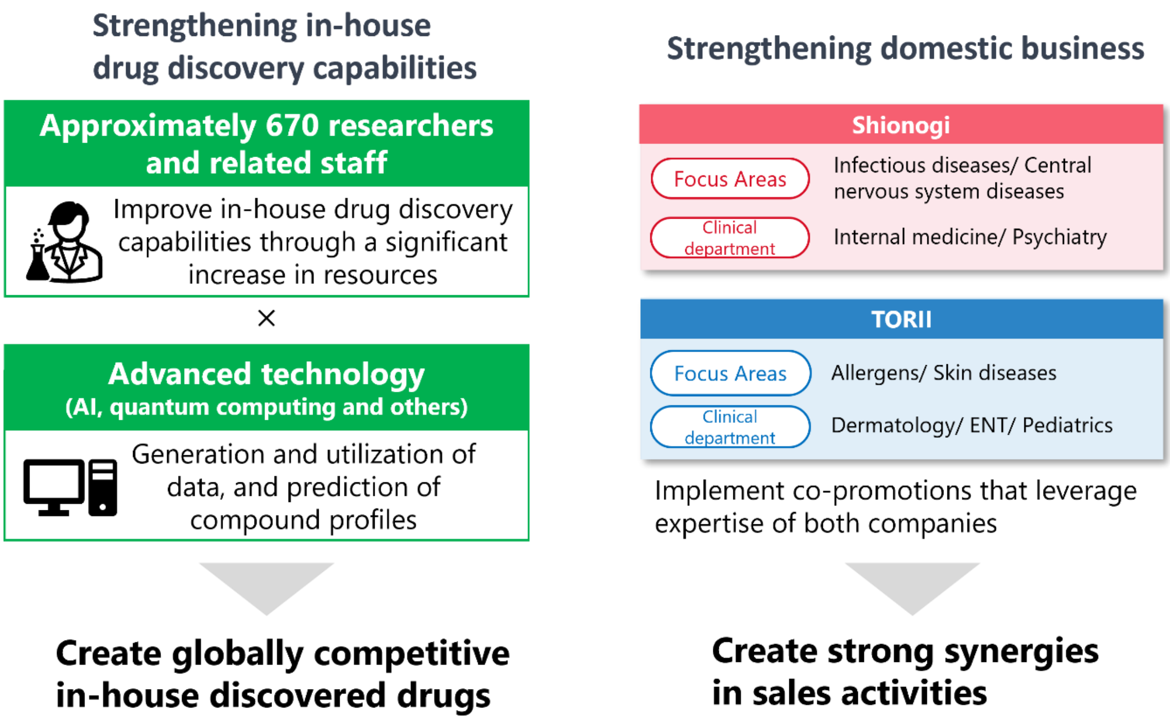
The aim and strategic significance of each of the three business investments are outlined below. Through these investments, we will simultaneously strengthen our revenue base and enhance our business foundation for further growth.

1) M&A of JT Group's pharmaceutical business

Approximately 160 billion yen was invested in this M&A to acquire the JT Group's pharmaceutical business. The goal is to enhance our R&D capabilities, centered on our core strength of in-house drug discovery (particularly in small-molecule drug discovery), and bolster our domestic business.

In terms of R&D, we enhanced our drug discovery infrastructure by expanding our talent base of the JT Pharmaceutical Business's experienced medicinal chemists and other specialists, and by acquiring and integrating advanced technology platforms, such as AI and quantum computing. We aim to further enhance our strengths as a drug discovery-based pharmaceutical company and create globally competitive in-house discovered drugs.

In our domestic business, we will strive to stabilize revenue by acquiring Torii Pharmaceutical's extensive product lineup, which focuses mainly on allergy and dermatology, as well as create synergies by coordinating sales activities by leveraging the respective disease areas and expertise of Shionogi and Torii Pharmaceutical.



2) Acquisition of edaravone business

We made an investment of approximately 390 billion yen to acquire all global rights to edaravone, a therapy for ALS and other diseases, from Tanabe Pharma Corporation (hereinafter "TP"), and for Shionogi Inc., our Group company in the U.S., to acquire all shares of the company established by TP in the U.S. to manage its RADICAVA business and make it a wholly owned subsidiary. This investment provides us with not only products, but also a business foundation in the U.S. for rare diseases.

Edaravone is a marketed product with an established record of safety and efficacy. Stable growth is expected to continue. Furthermore, we have several promising pipelines in the area of rare diseases, including zatolmilast (for fragile X syndrome and Jordan's syndrome) and S-606001 (for Pompe disease). In addition to developing these pipelines, we will strive to grow our rare disease business in the U.S. in the future by building on the business foundation acquired through this investment.

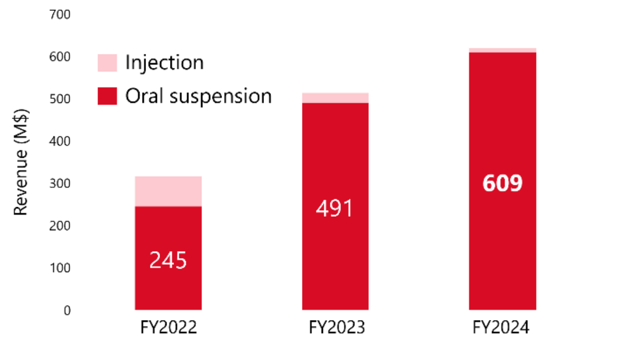
—Features of edaravone—

- **Indication:** Treatment of amyotrophic lateral sclerosis (ALS)
- **Modality:** Small-molecule drug
- **Formulations:**
  - Injection (U.S. launch: 2017)
  - Oral suspension (U.S. launch: 2022)

Enhancing QOL through the oral suspension

- ✓ Provides an option for patients with dysphagia
- ✓ Allows administration without requiring clinic visits
- ✓ Avoids injection-related pain

—U.S. Sales trend of edaravone (Radicava)—



Growth of the oral suspension is driving overall Radicava expansion

Rare disease pipeline aiming for commercialization

Zatolmilast
Fragile X syndrome
Jordan syndrome

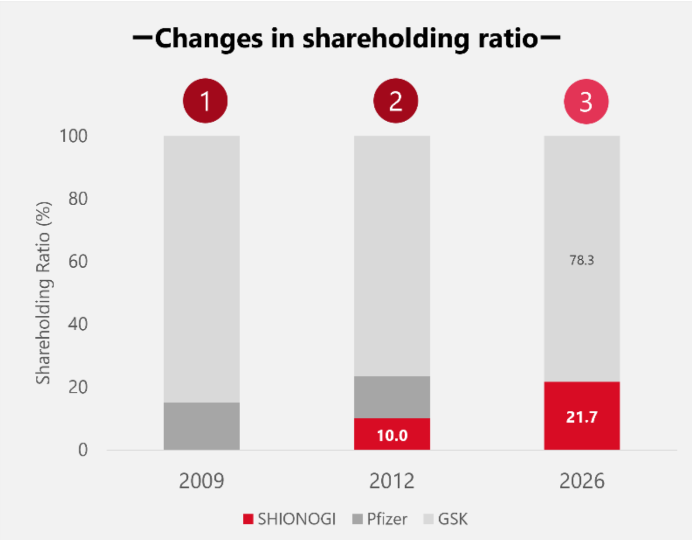
S-606001
Pompe disease

New Assets
- Research program of the former JT Pharmaceuticals Business
- Further acquisitions under assessment

3) Additional investment in ViiV

We made an additional investment in ViiV to further strengthen our commitment to the HIV business, our revenue base, and to ensure the stability and sustainable growth of our management foundation. Through the investment of 330 billion yen, we acquired ViiV shares representing 11.7% of the voting rights, thereby increasing our voting rights ratio from 10.0% to 21.7%. With this investment, we received dividends commensurate with our ownership stake, and ViiV became our equity-method affiliate.

The HIV business is extremely important and will support Shionogi’s sustainable growth in the future. Making ViiV an affiliate is a strategic investment that aims to maximize the future value of our HIV business. By strengthening our involvement in ViiV’s management and contributing to the company's growth as a long-term partner through increased influence, we will work to further enhance the value of our HIV business.



1 Establishment of ViiV Healthcare
(by GSK and Pfizer)

2 Revision of contractual framework with ViiV Healthcare

- Transferred assets of Shionogi-ViiV Healthcare* to ViiV Healthcare
- Acquired 10.0% of ViiV shares with the right to nominate one board member (one voting right)
- Received sales royalties from ViiV Healthcare

3 Equity-method affiliate status

- **Shareholding ratio: 21.7%**
- **The right to nominate one board member, with voting rights increased to 2**
- **Became an equity-method affiliate**

- Increased dividends
- Stronger commitment to HIV business

Further enhance stable revenue base through strong cooperation with ViiV

* Shionogi-GSK Healthcare, a joint venture between GSK and Shionogi established in September 2001 (Renamed Shionogi-ViiV Healthcare following GSK's transfer of its stake to ViiV)

as of March 31, 2026

Infectious Disease

Preclinical	Phase 1	Phase 2	Phase 3	Submission	Submission
S-872600 Preventive vaccine (nasal) against influenza virus infection	**S-649228** AMR (Gram-negative bacteria infection)	**S-337395** RSV infection	**S-268019** Preventive vaccine against COVID-19 (Children and adolescents)	**Ensitrelvir** COVID-19 (Therapeutic)	**Cefiderocol** AMR (Gram-negative bacteria infection)
S-875670 Preventive vaccine (nasal) against COVID-19	**Secutrelvir** [S-892216] COVID-19 (Long-acting injection; pre-exposure prophylaxis)	**Secutrelvir** [S-892216] COVID-19 (Oral, therapeutic)	**Olorofim** Invasive Aspergillosis	**Ensitrelvir** COVID-19 (Post-exposure prophylaxis)	**S-268024** Preventive vaccine against COVID-19 (JN.1)
S-540956 Nucleic acid adjuvant	**S-567123** COVID-19 universal vaccine		**Ensitrelvir** COVID-19 (Therapeutic, Ages 0-5)	**Ensitrelvir** COVID-19 (Therapeutic, Ages 6-11)	
S-917091 HIV infection			**Cefiderocol** AMR (Gram-negative bacteria infection, Pediatric)		
S-048133 Prevention of malaria					

Out License

S-365598 HIV infection

QOL Diseases with High Social Impact

Preclinical	Phase 1	Phase 2	Phase 2	Phase 2	Phase 3	Submission
S-540956 Nucleic acid adjuvant	**S-588210** Solid tumor	**S-531011** Solid tumor	**Redasemtide** Acute ischemic stroke	**Zatolmilast** Jordan syndrome	**Zatolmilast** Fragile X syndrome	**Naldemedine** Opioid-induced constipation
S-109802 Post-stroke spasticity	**S-740792** Gait disorders associated with multiple sclerosis	**Naldemedine** Opioid-induced constipation (pediatric)	**Redasemtide** Epidermolysis bullosa	**S-606001** Pompe disease	**S-588410** Esophageal cancer	
	S-898270 Alzheimer's disease	**Naldemedine** Constipation associated with Parkinson's disease	**SASS-001** (S-600918+Drug X) Sleep Apnea with a central component	**Zatolmilast** Alzheimer's disease	**SR-0379** Cutaneous ulcer	
		S-588410 Bladder cancer	**S-054502** [SASS-002] (Sulthiame) Sleep Apnea	**S-488210** Head and neck squamous cell carcinoma	**SDS-881** Dementia (AI program for cognitive function tests)	

Out License

S-723595 Type 2 diabetes

as of March 31, 2026

Preclinical	Phase 1		Phase 2	Phase 3		Submission
S-462462 Atopic dermatitis	**S-064064（JTC-064）** Neurodegenerative diseases	**S-262262（JTC-262）** Neurodegenerative diseases	**S-051051（JTE-051）** Interstitial cystitis/bladder pain syndrome; autoimmune and allergic diseases	**TO-203** Indoor dust mite allergies (Allergic asthma, allergen immunotherapy)	**Tapinarof** Atopic dermatitis in infants and young children	**Tapinarof** Atopic dermatitis in children
	S-161161（JTV-161） Pulmonary arterial hypertension	**S-263263（JTV-263）** Peripheral arterial diseases	**S-861861（JTT-861）** Chronic heart failure	**TO-209** Grass pollen-induced allergic rhinitis	**Cantharidin** Common warts	**Delgocitinib** Atopic dermatitis (Additional dosage form)
	S-162162（JTE-162） Autoinflammatory and autoimmune diseases	**S-461461（JTE-461）** Chronic idiopathic urticaria		**TO-210** Acne vulgaris	**Delgocitinib** Atopic dermatitis in children (Additional dosage form)	
	S-261261（JTV-261） Thrombosis	**S-662662（JTT-662）** Hypertrophic cardiomyopathy				

Out license

Phase 2	Phase 3		Submission
Delgocitinib Ophthalmic diseases		**Delgocitinib** Lichen sclerosus	**Delgocitinib** Chronic hand eczema
Delgocitinib Palmoplantar pustulosis			

Products developed by the former JT Pharmaceutical Business

Products developed by Torii Pharmaceutical

Products jointly developed by
the former JT Pharmaceutical Business and Torii Pharmaceutical

6 Research and Development –Key Progress–

In FY2025, we promoted research and development in both the infectious disease and QOL disease areas, and made advancements by conducting clinical trials and filing for and acquiring approvals on a global basis.

–Research Projects–

S-567123 (Broad-spectrum coronavirus vaccine)	Preventive vaccine against Sarbecovirus	Preclinical research on S-567123, a vaccine designed to prevent the onset of infection by inducing antibodies that suppress the activity of the sarbecovirus subfamily*1 in general has progressed, and a Phase 1 clinical trial has begun. This vaccine is a next-generation vaccine expected to be effective against emerging variants of SARS-CoV-2, as it induces antibodies that target regions of the virus where mutations are unlikely to occur.
S-898270	Alzheimer's disease	This is a candidate drug for improving the symptoms of Alzheimer's disease. As nonclinical studies have confirmed its ability to enhance memory- and learning-related brain functions, it is expected to improve cognitive function. In FY2025, we initiated a Phase 1 study.

*1 A group of viruses that includes SARS-CoV-1 (2002 SARS) and SARS-CoV-2 (COVID-19)

–Development Projects–

Ensitrelvir (Xocova)	COVID-19 Oral Antiviral Drug	In FY2025, we submitted an application for manufacturing and marketing approval in the U.S. for post-exposure prophylaxis and in Europe for treatment and post-exposure prophylaxis. Additionally, in Japan, we obtained approval for post-exposure prophylaxis, as well as submitted a manufacturing and marketing approval application for the treatment of children aged 6 to 11. We also initiated a Phase 3 study to expand the age range to include children aged 0 to 5.
S-268024	COVID-19 Preventive Vaccine (JN.1)	This is a recombinant protein vaccine using an antigen derived from the JN.1 variant of the novel coronavirus. A Phase 3 study in Japan has confirmed its efficacy and safety. Based on these results, we submitted an application for partial amendment to the manufacturing and marketing approval in Japan in FY2025.
Cefiderocol （Fetroja）	AMR (Gram-negative bacterial infection)	This is an injectable antibacterial agent targeting Gram-negative bacterial infections, including those caused by multidrug-resistant bacteria. In FY2025, we obtained approval in China for the treatment of complicated urinary tract infection.
S-606001	Treatment drug for Pompe disease	This is a small-molecule oral drug candidate for Pompe disease, a rare disorder. This disease is a genetic metabolic disorder characterized by muscle weakness and respiratory dysfunction, with unmet medical needs that existing treatments have not fully addressed. This drug is expected to provide a new treatment option. In FY2025, we initiated a global Phase 2 study.
Zuranolone (Zurzuvae)	Treatment drug for depression	This is an oral antidepressant with a new mechanism of action and demonstrates efficacy with once-daily oral administration for 14 days. In a Phase 3 study in Japan, it demonstrated a significant improvement in depressive symptoms compared with placebo as early as two days after the start of administration, suggesting a rapid onset of action. Based on these results, we obtained manufacturing and marketing approval in Japan in FY2025.

7 Manufacturing and Supply Chains

◆Achievements in Manufacturing and Supply Chains

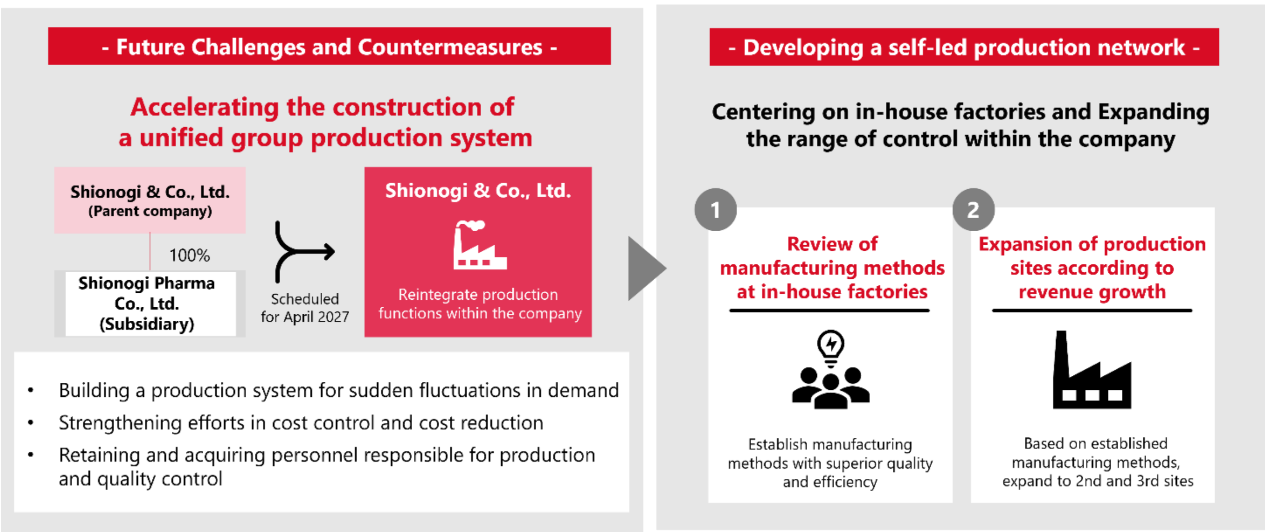
Recognizing the stable supply of pharmaceuticals as an important social responsibility, the SHIONOGI Group works continuously to strengthen its manufacturing and supply chains, centered on Shionogi Pharma Co., Ltd. (hereinafter "Shionogi Pharma"), a Group company that consolidates its manufacturing functions. In FY2025, as the continued shortage of ethical drugs became a social issue, we worked to ensure a stable supply of pharmaceuticals and strengthen our future manufacturing and supply systems, with an eye toward changes in the external environment surrounding the pharmaceutical business and its future expansion.

Topics — About the Reintegration of Shionogi Pharma in April 2027

In recent years, global pharmaceutical supply chain management is becoming increasingly challenging each year due to heightened geopolitical risks, tighter quality regulations, and a shrinking manufacturing and quality assurance workforce. One of the most important responsibilities of a pharmaceutical company is maintaining a stable supply of pharmaceuticals that are required by patients and medical institutions, even in a challenging environment of rising uncertainty. To fulfill this responsibility, we believe that it is crucial to establish a manufacturing and supply system that can adapt flexibly to environmental changes.

Based on this awareness, we have decided to merge Shionogi Pharma into Shionogi effective April 1, 2027. Through this integration, we will further ensure a stable supply of SHIONOGI products and establish a manufacturing system that can adapt to any environmental change and optimize manufacturing functions.

This integration is also a step toward realizing a major business concept in our manufacturing system, which is to enhance manufacturing capacity and ensure stable supply, by establishing a high-quality, efficient manufacturing method at our key plants. We will then roll out this method to our secondary and tertiary manufacturing sites in Japan and abroad according to product sales size and demand growth.



(2) Significant Subsidiaries

Company Name	Paid-in Capital	Percentage of Ownership	Main Areas of Business
Shionogi Pharma Co., Ltd.	90 Million Yen	100.0	Manufacturing and contract manufacture of pharmaceuticals products and contract testing and analysis
Shionogi Healthcare Co., Ltd.	10 Million Yen	100.0	OTC drug manufacturing and sales
Torii Pharmaceutical Co., Ltd.	5,190 Million Yen	100.0	Pharmaceutical manufacturing and sales
Shionogi Inc.	12 US dollars	100.0	Pharmaceutical clinical development, manufacturing and sales
Shionogi B.V.	630 Thousand UK Pounds	100.0	Pharmaceutical clinical development, manufacturing and sales
Shionogi (Hong Kong) Commerce Limited	361,794 Thousand HK dollars	100.0	Pharmaceutical sales
Shionogi China Co., Ltd.	1,061,224 Thousand Chinese yuan	100.0	Pharmaceutical clinical development, manufacturing and sales

Note:
As a result of a tender offer for Torii Pharmaceutical's common shares, which Shionogi has implemented since May 8, 2025, Torii Pharmaceutical became an equity-method affiliate of Shionogi on June 25, 2025, which is the commencement date of the tender offer's settlement.
Torii Pharmaceutical resolved at its extraordinary general meeting of shareholders held on September 1, 2025 to acquire all of Torii Pharmaceutical's common shares held by Japan Tobacco Inc. (hereinafter referred to as the "Share Repurchase"), and the Share Repurchase became effective on the same day. As a result, Torii Pharmaceutical became a subsidiary of Shionogi on September 1, 2025, the effective date of the Share Repurchase.

(3) Capital Investment

The SHIONOGI Group's capital investment for the fiscal year ended March 31, 2026 totaled 18.3 billion yen. SHIONOGI's primary investment was focused on research and manufacturing facilities.

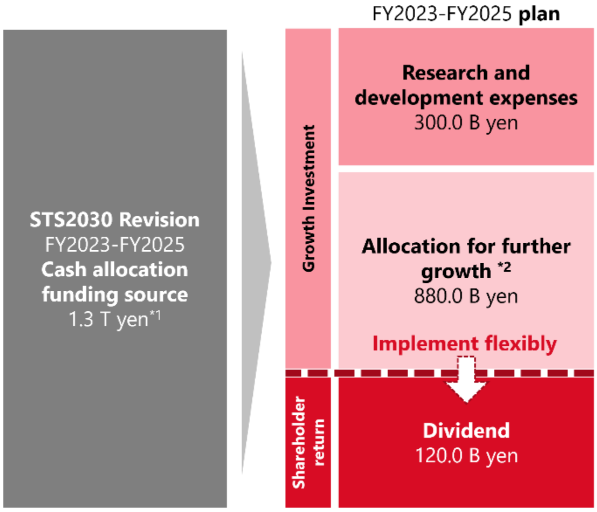
(4) Fund-raising

In FY2025, SHIONOGI financed a total of 660 billion yen through a bridge loan for the acquisition of the business related to edaravone, a drug for amyotrophic lateral sclerosis and other conditions, from Tanabe Pharma Corporation, as well as for an additional investment in ViiV Healthcare Ltd.

(5) Financial Strategy and Shareholder Return Policy

Financial Strategy

SHIONOGI is establishing the necessary financial foundation to achieve “global top-line growth centered on the infectious disease area” and to “cultivate growth drivers through proactive investment.” In addition to allocating approximately 300 billion yen for research and development expenses over the three-year period from FY2023 to FY2025, we also plan to make business investments, such as M&A and in-licensing opportunities, without being constrained by the scale of the investment, provided that the projects are commensurate with their value.



*1 Cash on hand (excluding working capital) at the end of FY2023: Approx. 400 B yen + “3-year operating cash flow (before deducting R&D expenses)”
*2 Capital investment (including system investment), business investment, etc.

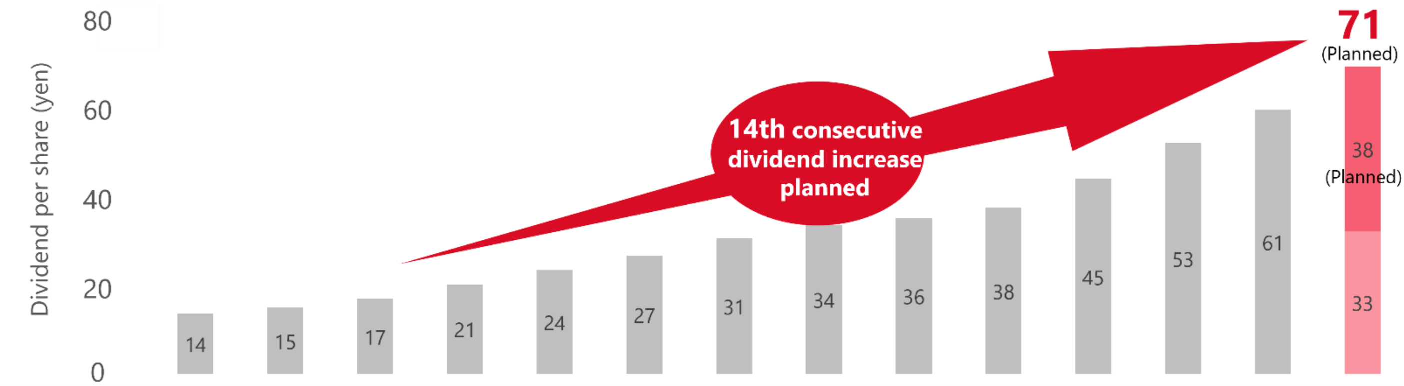
Shareholder Return Policy

SHIONOGI’s basic policy is to implement shareholder return measures that balance growth investment and shareholder returns, with the aim of maximizing corporate value and allowing shareholders to experience medium- to long-term profit growth. In the STS2030 Revision, we have set the following financial KPIs for the end of FY2025: DOE (Dividend on Equity attributable to owners of the parent) of 4%, EPS (Basic Earnings per Share) of 200 yen or more,※1 and ROE (Return on Equity attributable to owners of the parent) of 14% or more.

※1 Calculated based on figures after the three-for-one stock split.

(6) Shareholder Returns for FY2025

Regarding shareholder returns, we intend to implement stable and continuous dividend payments while focusing on maintaining a balance between growth investments and shareholder returns, as outlined in our shareholder return policy. For FY2025, we are planning annual dividends of 71 yen per share (an interim dividend of 33 yen and a year-end dividend of 38 yen), which is a 10-yen increase from the previous year. In FY2025, we carried out R&D and made three business investments of an unprecedented scale. Through these business investments, SHIONOGI will strive to achieve sustainable growth and will work to enhance medium- to long-term corporate and shareholder value, ensuring that our shareholders reap the benefits of our growth.



FY		12	13	14	15	16	17	18	19	20	21	22	23	24	25
Treasury stocks	Buyback (B yen)	-	-	30.0	-	35.0	29.4	50.0	50.0	50.0	-	49.4	75.0	-	-
	Cancelation*1 (M shares)	-	-	-	-	66.00	15.00	22.05	15.60*2	-	-	12.60	32.52*3	-	-
ROE(%)		17.5	9.2	9.4	13.6	16.3	19.4	20.9	15.5	13.9	12.5	17.8	13.9	13.1	13.5
DOE(%)		3.7	3.5	3.7	4.1	4.5	4.6	4.6	4.0	4.1	3.8	3.9	4.0	4.0	4.0

*1 Effective October 1, 2024, Shionogi has implemented a 3-for-1 stock split of its common stock. Dividends and Treasury stock's Cancelation are calculated based on the assumption that the stock split was implemented at the beginning of the FY2012 *2 Resolution passed on March 30, 2020, and treasure shares cancelled on April 6
*3 Resolution passed on July 31, 2023, and treasure shares cancelled on April 17, 2024

(7) Challenges Ahead

◆Awareness of Changes in the External Environment Surrounding Our Business

The aging population, declining birthrate, and increasingly sophisticated medical care are putting a financial strain on health insurance systems across the world. Consequently, the environment surrounding the pharmaceutical industry is becoming more challenging, with issues such as drug prices and the valuation of innovation becoming the focus of government policies. Following protectionist measures such as tariffs, as well as heightened geopolitical risks in the Middle East and East Asia, the pharmaceutical industry, whose duty is to ensure a stable supply, must strengthen its supply chains by securing multiple suppliers and enhancing manufacturing functions. Due to such rapid changes in the external environment, in a situation where the predictability of the business environment is declining on a global scale, it is more essential than ever to ensure stable business operations while continuing to invest in innovation.

◆Major Reform through Business Investments

Under these circumstances, FY2026 will be a pivotal year in which the large-scale business investments made in FY2025 will begin to make significant contributions to the Group's earnings. As acquisitions of business foundations necessary for growth have proceeded steadily toward achieving its 2030 Vision, SHIONOGI has entered a phase of transitioning from the previous model of "stable growth centered on the HIV business" to "exponential growth based on the HIV business." Given the steady progress made in strengthening our business and management foundations, our focus this year will be on maximizing the synergies created by each business investment to achieve sustainable growth and enhance corporate value.

We expect to achieve unprecedented revenue growth. First, SHIONOGI's growth throughout the year will be contributed to by the product lineup of Torii Pharmaceutical, which we acquired through the M&A of JT Group's pharmaceutical business, as well as the royalty income that the former JT Pharmaceutical Business had received*[1]. Additionally, through the acquisition of the edaravone business, we will launch a rare disease business as a core business area in addition to infectious diseases, particularly in the U.S. We will generate over 100 billion yen in global revenue in the initial year, achieving exponential growth globally.

*1 FY2025 performance: 48.8 billion yen in total (Torii Pharmaceutical: 7 months; former JT Pharmaceutical Business royalty: 4 months)

◆Exponential Growth of the Overseas Business and Reinforced Domestic Business Foundation

In the overseas business, in addition to cefiderocol, which has continued to show steady growth mainly in the U.S. and Europe, we will leverage the acquisition of the edaravone business in the U.S. and the approval and launch of ensitrelvir for the prevention of disease onset to strengthen marketing in the U.S. market in FY2026. In particular, since edaravone already has a reputation and track record in the market, we will allocate our resources appropriately to enhance our marketing capabilities and ensure the product is delivered to patients who need it.

In the domestic business, the anti-coronavirus drug Xocova and the influenza antiviral drug Xofluza have continued to gain a large market share in the treatment of acute respiratory infections, providing stable revenue whenever an outbreak occurs. In addition, to establish a foundation for growth in areas other than infectious diseases, we will expand our product offerings in the allergy and skin disease areas, which are Torii Pharmaceutical's mainstay, and swiftly launch new products, such as QUVIVIQ, an insomnia treatment drug, and ZURZUVAE, an antidepressant.

◆Strengthen R&D System to Continuously Create In-House Discovered Drugs

By further enhancing Shionogi and the JT Pharmaceutical Business's established small-molecule drug discovery capabilities and strengths in their focus areas through the integration of the two entities, we will establish a research system that can continuously create globally competitive in-house discovered drugs. Consequently, we will further enhance our high-quality research foundation that utilizes cutting-edge technologies such as AI, while maintaining SHIONOGI's characteristics of having in-house drugs account for over 60% of the development pipeline (internally-discovered pipeline ratio).

In terms of development, we will integrate the development products of Shionogi, JT Pharmaceutical Business, and Torii Pharmaceutical to define SHIONOGI's new development pipeline. Subsequently, we will allocate development resources appropriately and prioritize projects to determine which pipelines to develop in-house and which compounds to license out, thereby developing products efficiently and strategically.

◆Establishment of Manufacturing and Supply Chain Frameworks Resilient to Environmental Changes

We recognize that strengthening manufacturing and supply chain frameworks is a crucial management issue for pharmaceutical companies. In transforming our portfolio through business investments and accelerating global expansion, we will position manufacturing as one of the key capabilities that should be reinforced as we work to strengthen our manufacturing and supply chain frameworks. In particular, since the demand for infectious disease drugs fluctuates sharply depending on outbreak situations, we believe it is also important to manufacture these drugs closer to where patients are located, thereby ensuring a stable supply of the drugs required by patients and healthcare institutions. With regard to cefiderocol, which is seeing increased use around the world, we signed an agreement with the U.S. government to build a manufacturing facility for the drug in the U.S.

◆Toward Achieving the 2030 Vision

Despite these mounting challenges, SHIONOGI's vision remains unchanged. To achieve our 2030 Vision of "Building Innovation Platforms to Shape the Future of Healthcare," we will advance our strength as a drug discovery-based pharmaceutical company and bring the concept of "discovering, manufacturing, and selling (providing)" the best drugs on a global scale to life.

FY2025 marks the final year of STS Phase 2 (FY2023-FY2025) of the medium-term business plan Shionogi Transformation Strategy 2030 Revision (STS2030 Revision). Initially, we were planning to announce our new medium-term business plan in FY2026. However, as the HIV business, which is our revenue base, has achieved steady growth, and the development of our next-generation growth driver is showing steady progress, we have shifted to a phase in which we can actively work toward future growth.

As we have made aggressive business investments on the back of these developments, the assumptions surrounding our business management have changed significantly. We are positioning FY2026 as the year in which we will solidify the business foundations that we have acquired through the business investments to ensure future growth. Therefore, we plan to announce our new medium-term business plan in April 2027 or later, taking into account the growth following these efforts.

Shionogi is currently moving forward into a new growth phase. Going forward, we will continue to implement all necessary initiatives and capture growth opportunities to further increase our corporate value.

(8) Overview of Operations

1) Business Results and Financial Position of the SHIONOGI Group

【IFRS】

(Million of yen)

Classification	FY2021 157th term	FY2022 158th term	FY2023 159th term	FY2024 160th term	FY2025 161st term (Fiscal year ended March 31, 2026)
Revenue	335,138	426,684	435,081	438,268	499,677
Operating profit	110,312	149,003	153,310	156,603	166,725
Profit before tax	126,268	220,332	198,283	200,750	238,916
Profit attributable to owners of parent company	114,185	184,965	162,030	170,435	205,159
Research and development expenses	72,996	102,392	102,640	108,612	122,843
Total assets	1,150,601	1,311,800	1,416,918	1,535,349	2,576,870
Total equity	993,285	1,121,878	1,252,562	1,362,497	1,686,205
Basic earnings per share	yen 126.25	yen 207.10	yen 186.17	yen 200.36	yen 241.11
Equity attributable to owners of parent per share	yen 1,078.74	yen 1,245.92	yen 1,452.22	yen 1,600.68	yen 1,980.14
Dividend per share	yen 38.33	yen 45.00	yen 53.33	yen 61.33	yen 71.00
Return on equity attributable to owners of parent company (ROE)	% 12.5	% 17.8	% 13.9	% 13.1	% 13.5
Dividend on equity attributable to owners of the parent company (DOE)	% 3.8	% 3.9	% 4.0	% 4.0	% 4.0

Notes:

1. The figures presented for dividend per share and dividend on equity attributable to owners of the parent are the amounts in the event Proposal No. 1 is approved without changes by the 161st Annual General Meeting of Shareholders.
2. In the 158th fiscal term, SHIONOGI disposed of 9 million of its shares to the trust account of Sumitomo Mitsui Trust Bank, Limited (re-trustee: Custody Bank of Japan, Ltd. (trust account)) relating to the SHIONOGI INFECTIOUS DISEASE RESEARCH PROMOTION FOUNDATION, and treated said shares as treasury stock. Therefore, the number of these shares has been deducted in the calculation of basic earnings per share and equity attributable to owners of parent per share for the 158th period and onward.
3. Revenue of the 159th fiscal term includes a lump-sum income for the transfer of the license of ADHD drugs.
4. The Company conducted a stock split at a ratio of one share to three shares of common stock, with an effective date of October 1, 2024. Accordingly, basic earnings per share, equity attributable to owners of the parent per share, and dividends per share were calculated based on the assumption that the stock split had been carried out at the beginning of the 157th fiscal period.

2) Business Results and Financial Position of the Company

【JGAAP】 (Million of yen)

Classification	FY2021 157th term	FY2022 158th term	FY2023 159th term	FY2024 160th term	FY2025 161st term (Fiscal year ended March 31, 2026)
Net sales	285,948	369,499	345,761	363,309	388,503
Operating income	95,969	133,274	108,978	114,356	133,261
Ordinary income	100,892	134,998	258,621	109,143	138,315
Profit (loss)	90,264	107,367	253,060	86,927	138,883
Total assets	730,120	768,120	840,570	941,227	1,783,962
Net assets	590,430	612,890	749,494	791,825	880,509
Earnings (losses) per share	yen 99.80	yen 119.51	yen 287.79	yen 101.12	yen 161.51
Net assets per share	yen 652.53	yen 686.88	yen 871.75	yen 920.78	yen 1,023.68

Notes: The Company conducted a stock split at a ratio of one share to three shares of common stock, with an effective date of October 1, 2024. Accordingly, earnings per share and net assets per share were calculated based on the assumption that the stock split had been carried out at the beginning of the 157th fiscal period.

(9) Main Operations of the SHIONOGI Group

The SHIONOGI Group mainly researches & develops, manufactures and sells pharmaceutical products.

(10) Main Offices, Plants, and Laboratories of the SHIONOGI Group

		Name	Location
Domestic	Head Office and Branches	Global Headquarters	Osaka, Osaka Prefecture
		Osaka Head Office	Osaka, Osaka Prefecture
	Office	Tokyo Nihonbashi Office	Chuo-ku, Tokyo Prefecture
	Research Laboratories	Shionogi Pharmaceutical Research Center	Toyonaka, Osaka Prefecture
		Shionogi CMC Research Innovation Center	Amagasaki, Hyogo Prefecture
		Takatsuki Research Center	Takatsuki, Osaka Prefecture
		Yokohama Research Center	Yokohama, Kanagawa Prefecture
	Plants*2	Settsu Plant	Settsu, Osaka Prefecture
		Kanegasaki Plant	Isawa-gun, Iwate Prefecture
		Tokushima Plant	Tokushima, Tokushima Prefecture
		Itami Plant	Itami, Hyogo Prefecture
Overseas*2		Shionogi Inc.	New Jersey, U.S.
		Shionogi B.V.	Amsterdam, Netherlands
		Shionogi (Hong Kong) Commerce Limited	Hong Kong Special Administrative Region of the People's Republic of China
		Shionogi China Co., Ltd.	Shanghai, People's Republic of China

Notes:
1. In addition to the above list, the Company has business offices in every major city in Japan.
2. Bases in subsidiaries

(11) Employees

1) Number of Employees of the Corporate Group

Number of Employees	Y on Y Change	
6,223	(Increase)	1,268

Note: 1. The number of employees includes personnel that external companies assign to the SHIONOGI Group and excludes personnel that the SHIONOGI Group assigns to external companies and temporary personnel.
2. The increase was primarily due to the consolidation of Torii Pharmaceutical as a subsidiary in September 2025, as well as the assumption of the JT Pharmaceutical Business through an absorption-type split in December 2025.

2) Number of Employees of the Company

Number of Employees	Y on Y Change		Average Age	Average Number of Years with the Company
2,808	(Increase)	679	42.4	15.6

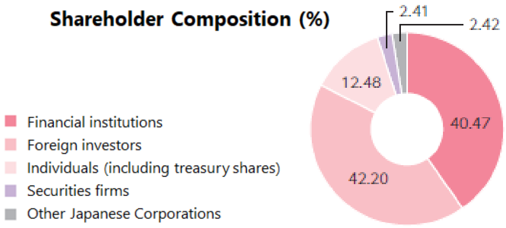
Note: The increase was primarily due to the assumption of the JT Pharmaceutical Business through an absorption-type split in December 2025.

(12) Main Loans from Banks

Lender	Loan amount (Million of yen)
Sumitomo Mitsui Banking Corporation	660,000

2. Stock Data

1) Number of shares authorized to be issued: 3,000,000,000
2) Number of shares issued: 889,632,195
(including 29,656,758 shares of treasury stock)
3) Number of shareholders: 65,785



4) Major shareholders (Top 10)

Name of Shareholder	Number of Shares Held (Thousands of shares)	% of Total
The Master Trust Bank of Japan, Ltd. (Trust account)	157,523	18.31 %
Custody Bank of Japan, Ltd. (Trust account)	67,193	7.81 %
Sumitomo Life Insurance Company	55,812	6.48 %
STATE STREET BANK AND TRUST COMPANY 505103	35,504	4.12 %
SMBC Trust Bank Ltd. (as a trustee for retirement benefit of Sumitomo Mitsui Banking Corporation)	28,455	3.30 %
Nippon Life Insurance Company	25,227	2.93 %
JP MORGAN CHASE BANK 385781	11,142	1.29 %
STATE STREET BANK AND TRUST COMPANY 505001	9,733	1.13 %
Sumitomo Mitsui Banking Corporation	9,651	1.12 %
HSBC HONG KONG－TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	8,774	1.02 %

Notes:
1. The Company owns 29,656,758 shares of treasury stock but the Company is not included in the major shareholders listed above (top 10).
2. The percentage of total is calculated as the proportion of shares to 859,975,437shares of total issued stock (excluding 29,656,758 shares of treasury stock).

5) Stock Issued as Remuneration to Company Officers during FY2025
The details of stock compensation issued during FY2025 are as follows.

	Number of shares (shares)	Number of persons who received shares (persons)
Directors (excluding Directors who are members of the Audit and Supervisory Committee and Outside Directors)	58,500	2

3. Stock Acquisition Rights

1) Stock Acquisition Rights Issued as Remuneration to and held by Company Directors as of March 31, 2025

Title (Issue Date)	Date of issue resolution	Number of stock acquisition rights	Class and number of shares to be issued	Issue price per stock acquisition rights	Exercise price per stock acquisition rights	Stock acquisition rights exercise period	Status of director holdings (Rights holders)
FY2011 Stock Acquisition Rights for Shionogi & Co., Ltd. (Issued July 11, 2011)	June 24, 2011	252	75,600 shares of common stock	113,000 yen	300 yen	July 12, 2011 to July 11, 2041	90 (1)
FY2012 Stock Acquisition Rights for Shionogi & Co., Ltd. (Issued July 12, 2012)	June 27, 2012	316	94,800 shares of common stock	91,700 yen	300 yen	July 13, 2012 to July 12, 2042	158 (1)
FY2013 Stock Acquisition Rights for Shionogi & Co., Ltd. (Issued July 11, 2013)	June 26, 2013	172	51,600 shares of common stock	193,100 yen	300 yen	July 12, 2013 to July 11, 2043	86 (1)
FY2014 Stock Acquisition Rights for Shionogi & Co., Ltd. (Issued July 10, 2014)	June 25, 2014	178	53,400 shares of common stock	190,000 yen	300 yen	July 11, 2014 to July 10, 2044	96 (1)
FY2015 Stock Acquisition Rights for Shionogi & Co., Ltd. (Issued July 9, 2015)	June 24, 2015	99	29,700 shares of common stock	455,400yen	300 yen	July 10, 2015 to July 9, 2045	43 (1)
FY2016 Stock Acquisition Rights for Shionogi & Co., Ltd. (Issued July 8, 2016)	June 23, 2016	85	25,500 shares of common stock	525,700yen	300 yen	July 9, 2016 to July 8, 2046	37 (1)
FY2017 Stock Acquisition Rights for Shionogi & Co., Ltd. (Issued July 7, 2017)	June 22, 2017	85	25,500 shares of common stock	574,200yen	300 yen	July 8, 2017 to July 7, 2047	37 (1)

Notes:
1. Each stock acquisition right is exercisable into 300 shares of common stock.
2. The issue price is the sum of the fair value of the stock acquisition rights on the allotment date and the amount to be paid upon exercise (¥1 per share) of the stock acquisition rights. The recipients of the allotted stock acquisition rights (stock acquisition rights holders) will have an amount equal to the fair value of the stock acquisition rights deducted from their remuneration as payment.
3. During the stock acquisition rights exercise period, Company directors who are stock acquisition rights holders who cease to be a Company director may only exercise their stock acquisition rights during the 10-day period beginning the day immediately following the date of cessation (if the 10th day is a holiday, the next business day), and may only exercise their stock acquisition rights in full, in a single transaction. Other conditions for exercising the rights are stipulated in the Stock Acquisition Rights Agreement concluded between the Company and the stock acquisition rights holders.
4. The company does not allot share subscription rights to outside directors and directors who are members of the Audit and Supervisory Committee.
5. The Company conducted a stock split at a ratio of one share to three shares of common stock, effective October 1, 2024, and the figures presented reflect the stock split.

2) Stock Acquisition Rights Issued as Remuneration to Company Employees during FY2025

Not applicable.

4. Board Members

(1) Directors (As of March 31, 2026)

Position	Name	Areas of responsibility and other major posts
Representative Director, President and CEO	Isao Teshirogi	Outside Director of AGC Inc. Outside Director of Japan Exchange Group, Inc. Outside Director, Sumitomo Mitsui Financial Group, Inc.
Director	John Keller	
Director	Keiichi Ando	Outside Director of Tsubakimoto Chain Co.
Director	Hiroshi Ozaki	Outside Director of The Royal Hotel, Limited Outside Director of Hiroshima Gas Co., Ltd.
Director	Takaoki Fujiwara	
Director	Kyoko Hirose	President, Hirose Manufacturing Co., Ltd. Outside Director, Kintetsu Department Store Co., Ltd. Outside Director (Audit and Supervisory Committee member), Okumura Corporation
Director (Standing Audit and Supervisory Committee member)	Noriyuki Kishida	
Director (Standing Audit and Supervisory Committee member)	Koji Hanasaki	
Director (Audit and Supervisory Committee member)	Shuichi Okuhara	Chairman and Representative Director of Nippon Venture Capital Co., Ltd.
Director (Audit and Supervisory Committee member)	Fumi Takatsuki	Partner of Oh-Ebashi LPC & Partners Outside Corporate Auditor of Sankyo Seiko Co., Ltd. Outside Corporate Auditor of Daikin Industries, Inc.
Director (Audit and Supervisory Committee member)	Yoriko Goto	Outside Director, Sony Group Corporation Outside Director, Sumitomo Mitsui Financial Group, Inc.

Notes:

1. Directors Keiichi Ando, Hiroshi Ozaki, Takaoki Fujiwara and Kyoko Hirose, and Directors (Audit and Supervisory Committee members) Shuichi Okuhara, Fumi Takatsuki and Yoriko Goto are Outside Directors stipulated in Section 15, Article 2 of the Companies Act.
2. To enhance the effectiveness of the Audit and Supervisory Committee's audits and oversight by enabling individuals with in-depth knowledge of internal affairs to gather information daily, such as by attending key internal meetings, and working closely with the independent accounting auditor, the internal audit unit, and other organizations, Shionogi has appointed Directors (Audit and Supervisory Committee members) Noriyuki Kishida and Koji Hanasaki as Standing Audit and Supervisory Committee Members.
3. Directors Keiichi Ando, Hiroshi Ozaki, Takaoki Fujiwara and Kyoko Hirose, and Directors (Audit and Supervisory Committee members) Shuichi Okuhara, Fumi Takatsuki and Yoriko Goto have each submitted notification as independent directors as stipulated by Tokyo Stock Exchange Group, Inc.
4. Directors (Audit and Supervisory Committee members) Shuichi Okuhara and Yoriko Goto are qualified as a certified public accountant and have considerable knowledge in the field of financial affairs and accounting.
5. Summary of Contracts to Limit Liability
   The Company has concluded contracts with all outside directors and directors who are Audit and Supervisory Committee members to limit their liability as stipulated in Section 1, Article 423 of the Companies Act to the amount stipulated in the relevant laws and ordinances under the condition that the requirements stipulated therein are fulfilled.
6. Overview of directors and officers, etc. (D&O) liability insurance contract
   The Company executed a directors and officers, etc. (D&O) liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, which covers Directors and Corporate Auditors of the Company and its subsidiary as the insured. Based on the foregoing, the Company will compensate officers, etc. for damages, legal expenses, etc. (excluding, however, exemptions stipulated in the insurance contract) under the insurance contract in cases where they become subject to a claim for damages as a result of execution of their duties during the insurance contract period. The full amount of the insurance premiums for the insurance contract is borne by the Company.
7. Directors and Corporate Auditors who retired during FY2025
   At the 160th Annual General Meeting of Shareholders on June 18, 2025, Shionogi transitioned to a company with an Audit and Supervisory Committee. Consequently, at the conclusion of said General Meeting of Shareholders, Director Takuko Sawada, Director Fumi Takatsuki, Auditor Akira Okamoto, Auditor Noriyuki Kishida, Auditor Tsuguoki Fujinuma, Auditor Shuichi Okuhara, and Auditor Yoriko Goto retired due to expiration of their terms. Of these, Fumi Takatsuki, Noriyuki Kishida, Shuichi Okuhara, and Yoriko Goto were appointed Directors who are Audit and Supervisory Committee members.

(2) Amount of Remuneration for Directors

Total director remuneration is determined within limits set by resolution of the General Meeting of Shareholders. It encompasses base monthly remuneration, performance-linked bonuses determined by results for the fiscal year and other factors, and restricted stock compensation (medium-term performance-linked and long-term) introduced in FY2018. Directors who are Audit and Supervisory Committee Members and outside directors only receive base remuneration.

Base remuneration is determined according to the position and responsibilities of directors with due consideration of the operating environment and social trends.

Bonuses are short-term incentives paid as cash remuneration which reflects performance indicators (core operating profit, consolidated profit and other total performance evaluation as directors excluding sales of assets, etc.) to heighten the awareness of improving performance for each fiscal year, which are determined according to performance such as achievement of targeted profits and other factors in each fiscal year based on a calculation matrix and paid in June of each year. The results of performance indicators for the current fiscal year are as described in "1. Overview of Operations (2) Business Operations and Results.”

Stock-based compensation is awarded in July of each year based on a grant table according to the director’s position and role. For medium-term performance-linked stock compensation, in particular, for the portion to be granted in three years of Phase 2 between FY2023 and FY2025 out of the period of STS2030 Revision (from FY2023 to FY2030), performance is evaluated based on the degree of achievement in FY2025 using revenue, overseas net sales CAGR, EBITDA, ROE and the rank in total shareholder return (TSR) among 11 competitors including the Company (relative TSR) as quantitative indicators and in consideration of the status of ESG, compliance and investments. The ratio of lifting the transfer restriction (between 100% and 0%) is determined after this. In addition, when lifting the transfer restriction, 50% of the amount of stock-based compensation is paid as monetary compensation calculated by stock price translation at the time of the lifting.

The Compensation Advisory Committee discusses the ratio of remuneration by type for executive directors in consideration of remuneration levels using companies which have the similar business size to the Company and are in the relevant business type and category as the benchmark; and the Board of Directors, in respect for recommendations given by the Compensation Advisory Committee, determines the details of the remuneration system, etc. so that the ratio of remuneration by type is in line with the recommendations. The policy for determination thereof is as described in “Policy for Determination of Details of Individual Remuneration, etc. for Directors”. In addition, it is considered pursuant to the resolution at the Board of Directors held on February 22, 2021 to be appropriate that evaluation and determination in determining base remuneration and individual bonus amount, etc. are made by a person who bears the ultimate management responsibility, and thus, such evaluation and determination are entrusted to Isao Teshirogi, Representative Director, President and CEO. The Compensation Advisory Committee deliberates the policy and criteria for the entrustment and provides the Board of Directors with the results as recommendations for their resolution, and Isao Teshirogi, Representative Director, President and CEO, to whom such determination is entrusted, shall make decisions in accordance with said recommendations and the resolution at the Board of Directors.

Starting from FY2021, the Company has revised the medium-term performance-linked stock compensation table with the aim of placing greater focus on performance to be able to have shareholders’ perspective. As a result, the targeted ratio for each type of remuneration, etc. is set as base remuneration: performance-linked remuneration, etc. : non-monetary remuneration, etc. = 1:1:1 on the premise that all KPIs are achieved. Note: Performance-linked remuneration, etc. is directors’ bonuses and non-monetary remuneration, etc. is restricted stock.

As a result, the share of base remuneration in total remuneration in FY2025 is about 36%, due mainly to the impact of the status of achievement of the profit target for the year and the stock price in stock compensation. The Board of Directors has confirmed that, through deliberations and reports at the Board and the Remuneration Advisory Committee, details of individual remuneration, etc. for directors for FY2025 were determined in accordance with the remuneration determination policy.

Separately, remuneration for directors who are Audit and Supervisory Committee members is determined through discussions within the Audit and Supervisory Committee.

As an advisory body to the Board of Directors, the Company's Compensation Advisory Committee consists of seven members, the majority of whom are outside directors, and is chaired by an outside director. The committee duly considers director and corporate auditor remuneration. In addition, the Compensation Advisory Committee discusses various issues concerning remuneration, etc. for directors and executive officers, verifies the levels of remuneration, etc. every year and deliberates the remuneration system, performance evaluation system, etc. for the following fiscal year.

(Million of yen, except for persons)

Category	Persons remunerated	Total amount of remuneration, etc. by type				
		Base remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	Others	Total
Directors other than those who are Audit and Supervisory Committee members (outside directors among directors)	8 (5)	415 (89)	252 (—)	145 (—)	171 (—)	985 (89)
Directors who are Audit and Supervisory Committee members (outside directors among directors)	5 (3)	113 (50)	— (—)	— (—)	— (—)	113 (50)
Corporate Auditors (outside auditors among auditors)	5 (3)	34 (15)	— (—)	— (—)	— (—)	34 (15)
Total	18	564	252	145	171	1,133

Notes:

1. At the conclusion of its 160th Annual General Meeting of Shareholders held on June 18, 2025, Shionogi transitioned to a company with an Audit and Supervisory Committee. The remuneration, etc. for auditors pertains to the period before the transition, while the remuneration, etc. for directors (Audit and Supervisory Committee members) pertains to the period after the transition.
2. The maximum amount of remuneration for directors, as resolved at the General Meeting of Shareholders, is 2,000 million yen per year for directors who are not Audit and Supervisory Committee members (based on the resolution at the General Meeting of Shareholders held on June 18, 2025; the number of such directors as of the close of the meeting was six, including four outside directors), and 750 million yen per year for directors who are Audit and Supervisory Committee members (based on the same resolution; the number of such directors as of the close of the meeting was five). Non-monetary remuneration, etc. for directors who are not Audit and Supervisory Committee members or outside directors are restricted stock compensation, and the maximum amount is 250,000 shares per year (based on the resolution at the General Meeting of Shareholders held on June 18, 2025; the number of such directors as of the close of the meeting was two).
3. “Performance-linked remuneration, etc.” above is the relevant allowance for directors’ bonuses for FY2025.
4. “Non-monetary remuneration, etc.” above is the relevant expense recognized for FY2025.
5. Indicated in the “Other” column is the amount equivalent to fringe benefits for foreign nationality directors. This does not include the additional costs of being stationed abroad, namely the amount for tax adjustments associated with international job transfers (121 million yen), which aims to ensure the expected amount of remuneration if one were not stationed abroad.
6. Of the above amounts, remuneration paid in local currency is converted to yen using the average internal exchange rate for FY2025.

<Policy for Determination of Details of Individual Remuneration, etc. for Directors>

1. Basic policy

Remuneration for directors of the Company is based on a remuneration system linked with shareholder interest so that it fully functions as an incentive for a sustainable increase in corporate value, and it is the Company's basic policy to determine remuneration for each director at a proper level according to their job responsibility. More specifically, remuneration for executive directors shall comprise of base remuneration as fixed remuneration, performance-linked remuneration, etc. (bonuses as monetary remuneration) and stock-based compensation, and remuneration paid to directors who are Audit and Supervisory Committee members and outside directors who undertake supervisory functions shall only be base remuneration in light of their duty.

2. Policy concerning determination of amount of remuneration, etc. for each individual with respect to their base remuneration (monetary remuneration) (including policy concerning determination of timing or conditions to provide remuneration, etc.)

Base remuneration for directors of the Company shall be fixed monthly remuneration and be determined based on a base remuneration table established according to their rank and job responsibility and taking into consideration the Company's business results, employees' salary levels and levels at other companies.

3. Policy concerning determination of details of performance-linked remuneration, etc. and non-monetary remuneration, etc. as well as calculation method of amount or number thereof (including policy concerning determination of timing or conditions to provide remuneration, etc.)

Performance-linked remuneration, etc. shall be cash remuneration which reflects performance indicators (KPIs) to heighten the awareness of improving performance for each fiscal year, and paid as bonus in June of every year in an amount calculated according to the degree of achievement against targeted figures for consolidated operating profit and consolidated profit of each fiscal year. The performance indicators to be targeted and the figures thereof shall be set at the time of formulating the Medium-Term Management Plan so that they are in line with the Plan, and reviewed as necessary to accommodate environmental changes taking into account recommendations given by the Compensation Advisory Committee.

Non-monetary remuneration, etc. shall be restricted stock and consist of two parts: the long-term stock-based compensation system which requires current employment as a payment condition; and the medium-term performance-linked stock-based compensation which is linked to business results. For the long-term stock-based compensation system, the number of unit to be granted shall be determined based on the stock-based compensation table established, according to rank and job responsibility, by the Board of Directors after deliberation by the Compensation Advisory Committee.

With respect to the medium-term performance-linked stock-based compensation, the number of units to be granted shall be determined based on the stock-based compensation table established, according to rank and job responsibility, by the Board of Directors after deliberation by the Compensation Advisory Committee. Restricted stock shall be granted in July of every year, and performance is evaluated based on the degree of achievement in FY2025 for the portion to be granted in three years of Phase 2 between FY2023 and FY2025 out of the period of STS2030 Revision (from FY2023 to FY2030) to determine the ratio of lifting the transfer restriction (between 100% and 0%). In addition, when lifting the transfer restriction, 50% of the amount of stock-based compensation is paid as monetary compensation calculated by stock price translation at the time of the lifting. For performance evaluation, revenue, overseas net sales CAGR, EBITDA, ROE and the rank in total shareholder return among 11 competitors including the Company (relative TSR) are used as quantitative indicators, and the determination is made by the Board of Directors, after deliberation on the overall evaluation by the Compensation Advisory Committee in consideration of the status of ESG, compliance and investments.

4. Policy concerning determination of the ratio of the amount of monetary remuneration, the amount of performance-linked remuneration, etc. or the amount of non-monetary remuneration, etc. to the amount of individual remuneration, etc. for directors

The Compensation Advisory Committee discusses the ratio of remuneration by type for executive directors in consideration of remuneration levels using companies which have the similar business size to the Company and are in the relevant business type and category as the benchmark. The Board of Directors (representative directors who are entrusted pursuant to Item 5), in respect for recommendations given by the Compensation Advisory Committee, determines the details of the remuneration system, etc. so that the ratio of remuneration by type is in line with the recommendations, and also the amounts of individual remuneration ensuring consistency with the purposes of the recommendations.

The targeted ratio for each type of remuneration, etc. is set as base remuneration : performance-linked remuneration, etc. : non-monetary remuneration, etc. = 1:1:1 (if all KPIs are achieved).

Note: Performance-linked remuneration, etc. is director and corporate auditor bonuses and non-monetary remuneration, etc. is restricted stock.

5. Matters concerning determination of the details of individual remuneration, etc. for directors

The specific details of the remuneration amount for each individual shall be entrusted to representative directors pursuant to a resolution at the Board of Directors, and the details of the authority shall be the amount of base remuneration for each director based on the base remuneration table and evaluation and allocation of bonuses taking into account results of the business of which the director is in charge.

The Compensation Advisory Committee deliberates the policy and criteria for the entrustment to representative directors and provides the Board of Directors with the results as recommendations for their resolution, and the representative directors who are entrusted as described above shall make determination in accordance with said recommendations and the resolution at the Board of Directors.

The number of stock to be allotted to individual directors as stock-based compensation based on the stock-based compensation table shall be resolved by the Board of Directors taking into account recommendations given by the Compensation Advisory Committee.

Separately, remuneration for directors who are Audit and Supervisory Committee members shall be determined through discussions within the Audit and Supervisory Committee.

The Compensation Advisory Committee shall comprise of seven committee members, a majority of which are outside directors, and an outside director serves as chairperson. In addition to the foregoing, the Compensation Advisory Committee discusses various issues concerning remuneration, etc. for directors and executive officers, verifies the levels of remuneration, etc. every year and deliberates the remuneration system, performance evaluation system, etc. for the following fiscal year.

(3) Outside Board Members

1) Major Activities

Office	Name	Major Activities
Director	**Keiichi Ando** Attendance at Board of Director meetings 14/14 (100%)	He is expected to leverage his experience and broad insights in finance as the top management of a financial institution, recognize the corporate responsibility we should fulfill and make management decisions with an emphasis on objectivity and impartiality and a higher-level perspective, without bias toward corporate executives or specific stakeholders. At Board of Directors meetings, he raises many questions, offers valuable opinions, and provides sound advice on budget management, investments and M&As as part of growth strategies, capital policies, and risk management. As chair of the Board, he also takes into account the timeliness of the agenda and the effective utilization of important management resources.
Director	**Hiroshi Ozaki** Attendance at Board of Director meetings 14/14 (100%)	As an executive of a Kansai-based company, he is expected to leverage his extensive practical experience and broad insights in corporate management and organizational operations, to recognize the corporate responsibility the Company should fulfill, and to make management decisions with an emphasis on objectivity and impartiality and a higher-level perspective, without bias toward corporate executives or specific stakeholders. At the Company's Board of Directors meetings, he raises many pertinent questions and provides sound advice regarding business expansion, including new business investments and business alliances, as well as risk management initiatives, including those related to IT/DX and supply chains.
Director	**Takaoki Fujiwara** Attendance at Board of Director meetings 14/14 (100%)	We expect him to play a role in which he utilizes his extensive practical experience and a wide range of knowledge as a manager of a group of companies engaged in urban transport, real estate and entertainment, mainly in the Kansai area and recognizes the corporate responsibility we should fulfill to make management decisions from a higher standpoint with an emphasis on objectivity and impartiality, without bias in favor of corporate executives or specific interested parties. In this regard, at Board of Directors meetings, he provides sound advice mainly on human resource management, organizational culture, quality control, risk management and compliance.
Director	**Kyoko Hirose** Attendance at Board of Director meetings 11/11 (100%)	We expect her to play a role in which she utilizes her extensive practical experience as the top management of a company that manufactures and sells major components of industrial sewing machines globally as well as her broad insights in matters including the empowerment of women and diversity as a financial expert and recognizes the corporate responsibility we should fulfill to make management decisions from a higher standpoint with an emphasis on objectivity and impartiality, without bias in favor of corporate executives or specific interested parties. In this regard, at Board of Directors meetings, she provides sound advice mainly on organizational culture, risk management associated with globalization, and compliance.
Director (Audit and Supervisory Committee member)	**Shuichi Okuhara** Attendance at Board of Director meetings 14/14 (100%) Attendance at meetings of Audit and Supervisory Committee 12/12 (100%)	He is expected to make appropriate recommendations on the validity of management decisions and the execution of duties by directors, from an independent standpoint as a director who is an Audit and Supervisory Committee member., by leveraging his advanced expertise in finance and accounting to adapt to the rapidly changing business environment. At the Company's Board of Directors meetings, he provides sound advice, mainly regarding investments, M&A, capital costs, and other matters across the healthcare industry. At meetings of the Audit and Supervisory Committee, he discusses and provides recommendations on significant matters concerning unscheduled audits.
Director (Audit and Supervisory Committee member)	**Fumi Takatsuki** Attendance at Board of Director meetings 14/14 (100%) Attendance at meetings of Audit and Supervisory Committee 10/10 (100%)	She is expected to leverage her background as an attorney engaged in international corporate law, along with her extensive experience and specialized knowledge in legal matters related to China's life sciences and healthcare industries, to make appropriate recommendations on the validity of management decisions and the execution of duties by directors from an independent standpoint as a director who is an Audit and Supervisory Committee member. At Board of Directors meetings, she asks pertinent questions, particularly regarding global business expansion, including in China, from an international corporate law perspective, and provides sound advice on intellectual property and compliance. At meetings of the Audit and Supervisory Committee, she discusses and provides recommendations on significant matters concerning unscheduled audits.

Director (Audit and Supervisory Committee member)	**Yoriko Goto** Attendance at Board of Director meetings 14/14 (100%) Attendance at meetings of Audit and Supervisory Committee 12/12 (100%)	She is expected to make appropriate recommendations on the validity of management decisions and execution of duties by directors from an independent standpoint as a director who is an Audit and Supervisory Committee member, based on her professional expertise in finance and accounting, as well as extensive management experience and broad insight through her service as the chairperson of the board of several companies. At Board of Directors meetings, she provides sound advice, mainly on governance, internal controls, M&A, financial management, risk management, and compliance. At meetings of the Audit and Supervisory Committee, she discusses and provides recommendations on significant matters concerning unscheduled audits, while, as the chairperson, taking into account the timeliness and appropriateness of the proposals.

(Notes)
1.The information pertaining to Director Kyoko Hirose represents her situation following her appointment on June 18, 2025.
2.The figures for attendance at Audit and Supervisory Committee meetings include two Board of Corporate Auditors meetings held before the transition to a company with an Audit and Supervisory Committee on June 18, 2025.
3.The figure for Director (and Audit and Supervisory Committee Member) Fumi Takatsuki's attendance at Audit and Supervisory Committee meetings represents her situation following her appointment as a director who is an Audit and Supervisory Committee member on June 18, 2025.

2) Relationship of the Company with Companies where Outside Board Members Hold Major Posts

The Company does not have any relationship that should be indicated with the Tsubakimoto Chain Co., where Keiichi Ando serves as an outside director.

The Company does not have any relationship that should be indicated with The Royal Hotel, Ltd. and Hiroshima Gas Co., Ltd., where Director Hiroshi Ozaki serves as an outside director.

The Company does not have any relationship that should be indicated with Kintetsu Department Store Co., Ltd. and Okumura Corporation, where Director Kyoko Hirose serves as an outside director, and with Hirose Manufacturing Co., Ltd., where she serves as a president.

The Company does not have any relationship that should be indicated with Nippon Venture Capital Co., Ltd., where Director (Audit and Supervisory Committee member) Shuichi Okuhara serves as chairman and representative director.

The Company does not have an advisory contract with Oh-Ebashi LPC & Partners, where Director (Audit and Supervisory Committee member) Fumi Takatsuki is a partner. However, the Company receives advice from Oh-Ebashi LPC & Partners regarding certain specific cases involving international legal affairs. Furthermore, the Company does not have any relationship that should be indicated with Sankyo Seiko Co., Ltd. and Daikin Industries, Inc., where she serves as an outside corporate auditor.

The Company does not have any relationship that should be indicated with Sony Group Corporation and Sumitomo Mitsui Financial Group, Inc., where Director (Audit and Supervisory Committee member) Yoriko Goto serves as an outside director.

5. Independent Accounting Auditor

(1) Name of Independent Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Compensation Paid to Independent Accounting Auditor for the Fiscal Year Ended March 31, 2025

1) Compensation paid to the Independent Accounting Auditor for the fiscal year ended on March 31, 2025:

148 million yen

2) Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Accounting Auditor:

148 million yen

Notes:

1. The audit agreement entered into between the Independent Accounting Auditor and the Company does not clearly distinguish the amount of the auditor's compensation being derived from the audit under the Companies Act and that being derived from the audit under the Financial Instruments and Exchange Law, and the two amounts cannot be substantially distinguished from each other. Therefore, the amount in 1 above includes both of these two kinds of amounts.
2. For the amount in 1 above, the Audit and Supervisory Committee received explanations from the Independent Accounting Auditor about the audit plan (including audit policies, items, team structure, expected time, and changes from the previous year) and the estimated amount of compensation, performed comparisons with the previous year's plan and actual results, compensation amount and compensation rate per unit of time, and checked and considered the opinions of related internal departments. As a result, the Audit and Supervisory Committee judged and agreed that the amount of compensation was reasonable.
3. Some of the Company's subsidiaries are audited by an independent accounting auditor other than the accounting auditor of the Company

(3) Company Policy regarding Dismissal or Decision Not to Reappoint Independent Accounting Auditor

In the event that the Company concludes that the Independent Accounting Auditor falls within the scope of any of the items in Article 340, Paragraph 1 of the Companies Act, its policy is for the Board of Corporate Auditors to dismiss the Independent Accounting Auditor with the consent of all Audit and Supervisory Committee members.

In addition, in the event that the Company concludes that the appropriateness of the Independent Accounting Auditor's execution of its duties cannot be ensured in light of the criteria for proper evaluation of the Independent Accounting Auditor established by the Company, its policy is not to reappoint the Independent Accounting Auditor by resolution of the Audit and Supervisory Committee.

(4) Reason the Audit and Supervisory Committee Did Not Make a Decision Not to Reappoint the Independent Accounting Auditor

The Audit and Supervisory Committee received a report and requested an explanation from the Independent Accounting Auditor concerning the execution status of duties. The Audit and Supervisory Committee conducted a rigorous evaluation and held discussions through an appropriate process based on the Board's Evaluation Criteria for Independent Accounting Auditors. As a result of this process, the Audit and Supervisory Committee reached a decision that reappointment was appropriate, but will continue to monitor the Independent Accounting Auditor's operations.

6. Systems and Policies of the Company

The systems to assure appropriate execution of the Directors' duties in accordance with the related regulations and the Articles of Incorporation; and other systems to assure appropriate business operations.

(1) Summary of status of systems to assure appropriate business operations

The status of these systems in the fiscal year ended March 31, 2025 in accordance with the basic policy for construction of systems to assure appropriate business operations (the Basic Policy for Construction and Operation of Internal Control System) is summarized below.

1) Matters concerning directors' execution of duties

The Board of Directors (composed of 11 directors, including seven outside directors and five directors who are Audit and Supervisory Committee members) met 14 times (plus once for a resolution in writing) during the fiscal year ended March 31, 2026, and made appropriate decisions on important matters that require management's judgment in accordance with laws and regulations, and Shionogi's Articles of Incorporation. The Audit and Supervisory Committee audited the directors' execution of their duties.

The Company has the monitoring function in place at the Board of Directors to clarify the executive and supervisory roles of management while facilitating responsive and flexible business operations. For business execution, the Company has adopted the corporate officer system. Important matters concerning business operations are decided efficiently and in accordance with laws by the Board of Directors based on discussions of the Corporate Executive Meeting, which is composed of internal directors and corporate officers responsible for business execution and meets regularly (weekly). Moreover, by having the status of execution of duties by business execution departments and major Group companies reported regularly to the Board of Directors, the Company endeavors to monitor the execution of business.

As a part of its decision-making process, the Company constantly anticipates business risks, interprets positive risks (offensive risks, business opportunities) and negative risks (defensive risks) as being one in the same, and sets criteria for the decision-making levels based on the scale of business risks with the aim of ensuring the execution of duties in a manner that will maximize results. Furthermore, in order to achieve our medium-term business plan, STS2030 Revision, we believe it is important to transform ourselves into an organization capable of making advanced decisions and executing operations efficiently. Accordingly, from FY2022, we have changed our governance structure to one in which officers responsible for business execution, entrusted by the Representative Director, oversee each major value chain. This change aims to clarify responsibilities for business execution and to strengthen collaboration among relevant divisions.

The status of cross-shareholdings and the status of investment of corporate pension funds are reported to and examined by the Board of Directors periodically in accordance with the Basic Views and Guidelines on Corporate Governance.

To ensure the reliability of financial reporting, the Board of Directors performs evaluations of internal controls based on plans, and calls attention to any improvements that are needed.

For protection and management of information, the Company has updated the SHIONOGI Group Information Management Policy (the SHIONOGI Group Information Security Policy, at the present) and established an information security system, and properly stores and manages information by using electronic records and others, in accordance with laws and regulations.

2) Matters concerning compliance

To assure legal compliance and ethical behavior in its business activities in accordance with the SHIONOGI Group Code of Conduct, the President and CEO repeatedly refers to the importance of corporate ethics in the president's message issued quarterly to all employees. This helps to ensure thorough awareness of compliance among the Group's officers and employees. The Compliance Committee (chaired by the representative director) meets quarterly to supervise the compliance system of the entire company, as well as holds discussions on compliance issues on a quarterly basis and provides regular compliance training and harassment training to supervise and support compliance in business execution departments. Furthermore, the Supervisory Unit Compliance Committee is held for each Supervisory Unit to discuss issues more closely related to operations and oversee the unit as a whole. The Compliance Committee regularly reports to the Board of Directors semi-annually and to the Audit and Supervisory Committee quarterly, enabling the directors to oversee the committee's activities and thereby strengthening the compliance system.

We have established a system in which any incident is reported to supervisors immediately. In accordance with the Crisis Management Rules and others, if the organization in which the incident occurred or the crisis management unit deems it a serious incident that would have an impact on business management, it will be reported immediately to the Corporate Executive Meeting, the Board of Directors, and the Audit and Supervisory Committee. Management will review the implementation status of countermeasures and provide instructions on specific measures as necessary.

To verify the effectiveness of its internal control system, the Company continued monitoring by the Internal Control Department, which is in charge of internal auditing. At the same time, the Company set up a whistleblowing hotline as an internal reporting system in the Legal/Compliance Department and an external attorney’s office and also set up a harassment hotline and overtime hotline inside the Company and in the Company’s labor union, with the aim of promoting prevention and early detection of compliance violations, harassment and overwork, and preventing their recurrence.

3) Matters concerning risk management

In accordance with the SHIONOGI Group Enterprise Risk Management Policy, the Group works to properly manage risks through such actions as creating business opportunities and avoiding or reducing risks. At the same time, the Group has established, as an important framework for its management strategy and management foundation, an Enterprise Risk Management system to supervise Group-wide business risks, including crisis management against pandemics, natural disasters, terrorism, and cyber-attacks. Under this system, each organization within the Company and its Group companies is fundamentally responsible for identifying risks associated with decision-making and business execution, proactively managing them, and implementing appropriate countermeasures.

Especially for significant risks that could impact management, they are identified at the Corporate Executive Meeting and the Board of Directors meetings, and the responsibility for addressing these risks is clearly assigned. The individuals responsible for these risks formulate and implement response plans in cooperation with the relevant organizations, while the Corporate Executive Meeting monitors the progress of these plans.

In addition, the responsible individuals are required to monitor the risks under their responsibility and, taking into account the potential impact and likelihood of occurrence of risks, propose, as necessary, the inclusion of such risks among those to be monitored by the Corporate Executive Meeting. By adopting a risk management system centered around these responsible individuals, we are able to swiftly and flexibly identify issues and formulate countermeasures even during the fiscal year.

Crisis management, in accordance with the crisis management regulations, aims to establish and promote a comprehensive management system, including business continuity plans. The main purpose for implementing this management is to ensure respect for human life, give consideration to and contribute to local communities, and prevent the erosion of corporate value. In the event of a crisis, we aim to respond immediately to the crisis in order to overcome it as soon as possible. To that end, we continuously conduct various drills assuming the occurrence of a crisis on a company-wide basis, including management.

The progress of these activities is regularly reported to the Board of Directors, and by incorporating opinions and advice from both internal and external directors into our initiatives, we have built a system that ensures their effectiveness. And the Internal Control Department, which is in charge of internal audits, implements verifications and evaluations on an independent basis.

4) Matters concerning the Group company management system

Based on the SHIONOGI Group Companies Rules and Regulations, individual departments of the Company manage and support business operation of the Group companies, while the Company dispatches directors and corporate auditors to supervise and audit their execution of duties. In order to enhance the corporate value of the Group as a whole and fulfill its social responsibility, the Company familiarizes Group companies with the Company Policy and the SHIONOGI Group Code of Conduct. In addition, the Corporate Governance Department takes the initiative in promoting appropriate management of Group companies with measures such as training for

Group company executives, while the Internal Control Department verifies the appropriateness and effectiveness of business execution at Group companies through internal audits.

5) Matters concerning the Audit and Supervisory Committee's execution of duties

During the fiscal year ended March 31, 2026, the Audit and Supervisory Committee met 12 times (including two meetings of the Audit and Supervisory Committee held before the transition to a company with an Audit and Supervisory Committee) and received reports directly from employees responsible for business execution and the department in charge of compliance regarding the status of business execution. The Audit and Supervisory Committee forms its opinion on the appointment and remuneration of directors who are not Audit and Supervisory Committee members after reviewing the deliberations of the Nomination Advisory Committee and the Compensation Advisory Committee, as well as their respective opinions and activities. Depending on the results of the discussions, the Audit and Supervisory Committee reports or recommends details to the Board of Directors so that the directors can share the information and issues.

In operating the Audit and Supervisory Committee, we have established the Audit and Supervisory Committee Office to assist with duties and assigned employees to it. We have also set forth and are implementing rules to create a framework that ensures the independence of the employees assisting the committee.

Standing Audit and Supervisory Committee members attend the Corporate Executive Meeting and other key meetings, obtain information related to business execution and management and information related to internal controls in a timely manner, and report this information to the Audit and Supervisory Committee as needed. Furthermore, the Audit and Supervisory Committee works closely with the independent accounting auditor and the Internal Control Department, which is responsible for internal audits, and regularly meets with the representative director and the manager of each department to exchange opinions.

In addition, the Group Company Audit Liaison Committee meets regularly to exchange opinions on the management status of Group companies and review the audit status of the Group as a whole.

(2) Systems to assure appropriate business operations

Based on operations during FY2025 in accordance with the Basic Policy for Construction and Operation of Internal Control System, at a meeting of the Board of Director's held on April 27, 2026, the Company passed as resolution to amend the basic policy for construction of systems to assure appropriate business operations ("The Basic Policy for Construction and Operation of Internal Control System") as follows:

The Company will promote clear and reliable operations by sharing their philosophy and their sense of values contained in "SHIONOGI's Policy" among the Company, officers and employees and by execution of the Company's duties satisfying the requirements of "compliance".

For the purpose of enhancing effective execution, the company will prepare and operate the systems to assure appropriate business operations as follows:

1. A system to assure appropriate execution of the Directors' duties in accordance with the related regulations and the Articles of Incorporation

The Group constantly implements transparent and proper management, taking into account the stance of our four stakeholders, customers, society, shareholders and employees, to meet the expectations of society.

To this end, we seek to instill our corporate raison d'etre by thoroughly enforcing the Company Policy of SHIONOGI, which articulates our management philosophy, and the SHIONOGI Group Code of Conduct, which defines the standards of behavior for officers and employees. In addition, with respect to corporate ethics, we emphasize conduct that would not bring shame to anyone as a member of society. Furthermore, the Compliance Committee, chaired by the Representative Director, formulates and implements various measures to further ensure compliance with laws and regulations and ethical behavior in our business activities.

Based on the SHIONOGI Group Code of Conduct, the Company consistently and resolutely resists the influence of antisocial forecast and precludes any connection with them.

Shionogi has adopted a corporate governance system based on the institutional design of a company with an Audit and Supervisory Committee. The Board of Directors and the Audit and Supervisory Committee are composed of a majority of Outside Directors. This structure enables delegation of authority to facilitate swift decision-making and emphasizes discussions on company-wide, medium- to long-term strategies while giving due consideration to the balance of stakeholders, including shareholders. Under this structure, with the aim of achieving the Group's sustainable growth and enhancing its corporate value over the medium to long term, we have established the "Basic Views and Guidelines on Corporate Governance" and are implementing it to realize optimal corporate governance. In order to ensure transparency and traceability in the execution of specific duties, we have established a process to track decision-making, progress, and outcomes from the approval by the head of an organization to the resolution by the Board of Directors. By verifying the actual status, we promote the fair, swift, and decisive execution of duties.

In order to fulfill its function as a monitoring board, the Board of Directors will distinguish between matters to be delegated to the executive side and those to be discussed by the Board and make decisions on particularly important matters concerning business management based on multifaceted business judgments, in accordance with the Board of Directors Regulations. It will also promptly grasp and supervise the status of execution of duties and prevent violations of laws, regulations, and the Articles of Incorporation. If a director discovers that another director has engaged in conduct violating laws or the articles of incorporation, the director shall promptly report it to the board of directors and endeavor to have it corrected.

Outside directors, as an independent director, shall recognize the corporate responsibility the Company should fulfill, and contribute to the achievement of highly transparent management based on their expert knowledge. Representative directors shall maintain and operate an internal control system to secure the reliability of financial reporting, and adequately evaluate and report on the effectiveness of internal control.

The Audit and Supervisory Committee audits the execution of duties by the directors, utilizing the internal audit unit, and the directors cooperate in such audit

2. A system for storage and management of information related to execution of the directors' duties

We have established an information security system related to the execution of directors' duties and set up policies and procedures to properly manage and operate information assets such as trade secrets, confidential information and intellectual property, and strive to strictly protect and utilize information assets by restricting access, encrypting and so forth. And we will respond to electromagnetic records of information assets and electronic signatures, in addition that the minutes of the Board of Directors' meetings, the corporate executive meetings and the compliance committee meetings, and approval information and other matters approval information and other matters approved by the representative director, etc., will be properly and strictly stored in the manner appropriate to the form they have been recorded in and will be accessible for the appropriate period in accordance with the related laws and regulations.

3. A system and other rules for management of risk of loss

In accordance with the SHIONOGI Group Enterprise Risk Management Policy, the Group works to properly manage risks through such actions as creating business opportunities and avoiding or reducing risks. At the same time, the Group has established, as an important framework for its management strategy and management foundation, an Enterprise Risk Management system to supervise Group-wide business risks, including crisis management against pandemics, natural disasters, terrorism, and cyber-attacks. In this system, basically the Company and its Group companies recognize the risks related to their decision-making and business execution, and manage the risks and implement countermeasures on their own initiative. The enterprise risk management function submits an action plan for risk management for each year to the Corporate Executive Meeting and the Board of Directors at the beginning of the year to obtain approval from them. At the same time, the function monitors the status of implementation of the plan. As necessary, the function reports on the progress in a timely manner and, based on the feedbacks received, promotes activities to further identify problems and make improvements.

Crisis risk management, in accordance with the crisis management regulations, aims to establish and promote a comprehensive management system, including business continuity plans. The main purpose for implementing this management is to ensure respect for human life, give consideration to and contribute to local communities, and prevent the erosion of corporate value. In the event a crisis occurs, the Company strives to overcome said crisis. To that end, we continuously conduct various drills assuming the occurrence of a crisis on a company-wide basis, including management.

The Internal Control Department (section for internal audits) verifies and evaluates the management of various internal risks independently from an independent standpoint.

4. A system to assure efficient execution of the directors' duties

The Company aims to clarify its role of executing and supervising operations and also is introducing a corporate executive officer system to implement agile and flexible management. The regularly (weekly)-held corporate executive meeting will fully discuss the material matters regarding the business operation, and the Board of Directors will make a decision based on the result of such deliberation

The decision at the Board of Directors meeting and the results of deliberation at the corporate executive meeting will be communicated to the general manager of the related department allocated the role of execution of business operations. A suitable individual, within the scope of their authority and responsibilities, shall perform procedures to implement the smooth execution of operations in accordance with rules for administrative duties and the division of duties.

In the execution of operations, SHIONOGI shall constantly anticipate business risks, interpreting positive risks (offensive risks, business opportunities) and negative risks (defensive risks) as being one in the same, setting criteria for decision-making based on the level of business risk, and making sure not to miss any opportunities.

5. A system to assure appropriate execution of the employees' duties in accordance with the related laws, regulations and the Articles of Incorporation.

The Company will further promote the measures for the compliance with the related laws and regulations and ethical behavior in its business operations mainly through the Compliance Committee in accordance with "SHIONOGI Group Code of Conduct".

A secretariat of the Compliance Committee has been established in the Legal and Compliance Department. It will implement compliance training and harassment training, as well as assist each department in managing compliance and harassment risk.

In addition, to verify the effectiveness of its internal control system, the Company will enhance internal audits by the section for internal audits to strengthen its monitoring capabilities, and will make full use of its internal reporting system and consultation hotlines to work for the prevention and early detection of misconduct and prevention of its recurrence.

6. A system to assure appropriate operation of business by the corporate group comprised of the company and subsidiaries.

The Company and the group companies will improve the value of the corporate group, and keep the Group companies informed about The Company Policy of SHIONOGI and SHIONOGI Group Code of Conduct in order to fulfill the corporate group's social responsibility.

Directors will receive reports on business operations from group companies, and will properly manage and guide group companies based on the "SHIONOGI Group Companies Rules and Regulations" in order to realize The Company Policy of SHIONOGI, SHIONOGI Group Code of Conduct, and Business Plan.

Group companies will promote appropriate and efficient business operations by conducting business management in accordance with the policies and guidelines mentioned above.

Operating divisions and administrative divisions will manage and provide support for appropriate business operations of group companies, with the Corporate Governance Department in charge of overall administration.

The section for internal audits will confirm the appropriateness and effectiveness of business operations of Group companies through internal audits. At the same time, members of the Finance & Accounting Department and the section for internal audits will be dispatched as auditors to conduct audits of the Group companies.

7. Matters regarding ensuring the independence of employees assigned to assist the Audit and Supervisory Committee from other directors (excluding directors who are Audit and Supervisory Committee members) and the effectiveness of instructions given to such employees

Shionogi has established the Audit and Supervisory Committee Office, comprising multiple staff members, to assist the Audit and Supervisory Committee with its duties.

Employees assigned to the Audit and Supervisory Committee Office shall be subject to the direction and supervision of the Audit and Supervisory Committee. In the event that the instructions of the Audit and Supervisory Committee conflict with those of the representative director, the instructions of the Audit and Supervisory Committee shall take precedence. In addition, personnel evaluations, transfers, and remuneration of the head of the Audit and Supervisory Committee Office shall require the prior consent of the Audit and Supervisory Committee. This ensures the independence of such employees from the directors (excluding directors who are Audit and Supervisory Committee members). To that end, Shionogi shall ensure that its officers and employees are thoroughly informed that employees assigned to assist the Audit and Supervisory Committee are subject to its direction and supervision.

Shionogi has also established a framework to ensure the independence of the internal audit unit from directors (excluding directors who are Audit and Supervisory Committee members) by requiring the prior consent of the Audit and Supervisory Committee for personnel evaluations, transfers, and remuneration of the head of the internal audit unit.

.

8. A system for directors and employees to report to the Audit and Supervisory Committee, other systems regarding reporting to the Audit and Supervisory Committee, and a system to ensure that persons who report to the Committee are not treated disadvantageously because of such reporting

Shionogi will establish a system in which directors who are Audit and Supervisory Committee members attend important meetings, such as the Corporate Executive Meeting, and can obtain information relating to business execution and management, as well as the effectiveness of internal control, in a timely manner.

An Audit and Supervisory Committee member designated by the Audit and Supervisory Committee may directly request reports on the status of business execution from directors and executive officers of Shionogi and its Group companies. In the event that an officer or employee of the SHIONOGI Group becomes aware of any event or situation that may cause significant damage to Shionogi or Group companies, including to its credibility, or any illegal or significantly inappropriate act, such as violation of laws and regulations, they shall promptly report such event in writing or orally to the Audit and Supervisory Committee.

Shionogi ensures that no officer or employee of Shionogi or its Group companies who makes a report to the Audit and Supervisory Committee will be subject to any disadvantageous treatment on the grounds of having made such a report.

9. Matters regarding the procedures for advance payment or reimbursement of expenses incurred in the execution of duties by Audit and Supervisory Committee members, and policies for handling such expenses or obligations

When an Audit and Supervisory Committee member makes a claim to Shionogi for prepayment of expenses or other obligations related to the execution of their duties, Shionogi will promptly process such expenses or obligations, except in cases where it is determined that the expenses or obligations are not necessary for the execution of the duties of the Audit and Supervisory Committee member.

10. Other systems to ensure effective audits by the Audit and Supervisory Committee

The Audit and Supervisory Committee will cooperate with the accounting auditors and the section for internal audits in conducting audits and providing advice and recommendations, and will also regularly hold meetings with the representative directors to exchange opinions, thereby enhancing the effectiveness of audits.

In addition, to ensure the effectiveness of audits throughout the Group, the Audit and Supervisory Committee have established the Group Company Audit Liaison Committee and hold meetings regularly to exchange opinions on the status of management at Group companies.

7. Other Material Matters

Legal Actions

・In August 2021, the Company, ViiV Healthcare Company and GlaxoSmithKline Brazil Ltda jointly filed a patent infringement action against Blanver S.A. and Lafepe, which have obtained Partnership for Productive Development (PDP) for dolutegravir (Japanese brand name: Tivicay) in Brazil, over the patent for dolutegravir held by the Company with ViiV Healthcare.

・In February 2023, the Company, Hoffmann-La Roche Inc., and Genentech, Inc. filed a patent infringement action in the U.S. District Court for the District of Delaware against Norwich Pharmaceuticals, Inc. and Alvogen PB Research & Development LLC, which have filed an Abbreviated New Drug Application (ANDA) to make a generic version of baloxavir marboxil (brand name: Xofluza) in the United States. The patent infringement action seeks, among other relief, an order that the effective date of any FDA approval based on the aforementioned ANDA shall not be earlier than the expiration date of the patent stated in the Orange Book, including the substance patent for baloxavir marboxil, which is held by the Company. A settlement was subsequently reached in July 2025.

・In April 2024, the Company, ViiV Healthcare Company and ViiV Healthcare ULC jointly filed a patent infringement action in the Canadian Federal Court in Toronto against JAMP Pharma Corporation, which has filed an application to make a generic version of a combination of dolutegravir sodium, abacavir sulfate and lamivudine (trade name: TRIUMEQ) in Canada, seeking an injunction against the exploitation before expiry of the dolutegravir substance patent that the Company shares with ViiV Healthcare Company and the fixed-dose patent for dolutegravir held by ViiV Healthcare Company. A settlement was subsequently reached in July 2025.

・In October 2024, the Company, along with HOFFMANN-LA ROCHE INC. and GENENTECH, INC., jointly filed a patent infringement lawsuit in the U.S. District Court for the District of Delaware against NORWICH PHARMACEUTICALS, INC. and ALVOGEN PB RESEARCH & DEVELOPMENT LLC, which had filed an application for the approval of a generic version of baloxavir marboxil (brand name: XOFLUZA) in the United States. The lawsuit seeks, among other things, an order to ensure that the effective date of any FDA approval based on the aforementioned application will not precede the expiration date of the patent listed in the Orange Book for the baloxavir marboxil tablet formulation held by the Company. A settlement was subsequently reached in July 2025.

・Toray Industries, Inc. (“Toray”), the holder of a use patent (the “Patent”) relating to the oral antipruritic agent Remitch® OD tablets, which are marketed by Torii Pharmaceutical, a Shionogi Group company, sought damages in court against Sawai Pharmaceutical Co., Ltd. (“Sawai”) and Fuso Pharmaceutical Industries, Ltd. (“Fuso”), who market generic versions of the drug, for infringement of the Patent. In May 2025, the Intellectual Property High Court rendered a judgment ordering Sawai and Fuso to pay damages. Sawai and Fuso have filed appeals with the Supreme Court, and it is currently difficult to predict the ultimate outcome of the litigation. The damages awarded under the judgment are, in principle, to be shared equally between Toray and Shionogi’s Group company.

・In December 2025, Shionogi, along with ViiV Healthcare Company, ViiV Healthcare UK (No. 3) Limited, and Janssen Sciences Ireland Unlimited Company, jointly filed a patent infringement lawsuit in the U.S. District Court for the District of Delaware against Zydus Pharmaceuticals (USA) Inc., Zydus Lifesciences Global FZE, and Zydus Lifesciences Limited, which had filed an application for the approval of a generic version of dolutegravir sodium (brand name: JULUCA) in the U.S. The lawsuit seeks, among other things, an order to ensure that the effective date of any FDA approval based on the aforementioned application will not precede the expiration date of the patent for the crystalline form of dolutegravir sodium, which is jointly held by Shionogi and ViiV Healthcare Company, the patent for dolutegravir combinations, which is held by ViiV Healthcare Company, and the patent for dolutegravir preparations, which is held by ViiV Healthcare Company and Janssen Sciences Ireland Unlimited Company.

・In October 2025, Shionogi, along with ViiV Healthcare Company and ViiV Healthcare UK (No. 3) Limited, jointly filed a patent infringement lawsuit in the U.S. District Court for the District of Delaware against Aurobindo Pharma Ltd. and Aurobindo Pharma USA Inc., which had filed an application for the approval of a generic version of dolutegravir sodium (brand name: TIVICAY) in the U.S. The lawsuit seeks, among other things, an order to ensure that the effective date of any FDA approval based on the aforementioned application will not precede the expiration date of the patent for the crystalline form of dolutegravir sodium, which is jointly held by Shionogi and ViiV Healthcare Company.

Consolidated Statement of Financial Position (As of March 31, 2026)

(Millions of yen)

Accounts	FY2025	(Reference) FY2024	Accounts	FY2025	(Reference) FY2024
Assets			**Equity**		
Non-current assets			Capital stock	21,279	21,279
Property, plant and equipment	156,519	115,412	Capital surplus	17,824	17,845
Goodwill	35,061	15,748	Treasury shares	△65,189	△65,855
Intangible assets	173,553	143,652	Retained earnings	1,492,697	1,115,729
Right-of-use assets	22,789	19,395	Other components of equity	218,603	272,924
Investment real estate	27,337	27,722	**Equity attributable to owners of parent**	**1,685,215**	**1,361,924**
Investments accounted for using the equity method	710,751	10,429	Non-controlling interests	989	572
Other financial assets	107,518	299,799	**Total Equity**	**1,686,205**	**1,362,497**
Deferred tax assets	4,344	13,244	**Liabilities**		
Other non-current assets	28,660	31,440	**Non-current liabilities**		
			Lease liabilities	18,895	18,418
			Other financial liabilities	3,974	8,258
Total non-current assets	**1,266,535**	**676,844**	Retirement benefit liabilities	16,735	8,018
Current assets			Deferred tax liabilities	17,476	4,401
Inventory	99,396	65,477	Provisions	2,526	—
Trade receivables	159,773	120,553	Other non-current liabilities	3,626	4,363
Other financial assets	310,748	270,024	**Total non-current liabilities**	**63,235**	**43,459**
Other current assets	29,020	27,653	**Current liabilities**		
Cash and cash equivalents	711,397	374,795	Bonds and borrowings	660,000	—
			Lease liabilities	5,499	3,464
			Trade payables	22,149	13,579
			Other financial liabilities	40,716	18,091
			Income tax payable	18,881	22,399
			Other current liabilities	80,183	71,857
			Total current liabilities	**827,430**	**129,392**
Total current assets	**1,310,335**	**858,504**	**Total liabilities**	**890,665**	**172,852**
Total assets	**2,576,870**	**1,535,349**	**Total equity and liabilities**	**2,576,870**	**1,535,349**

Consolidated Statement of Profit or Loss FY2025 (Year ended March 31, 2026)

(Millions of yen)

Accounts	FY2025	(Reference) FY2024
Revenue	**499,677**	**438,268**
Cost of sales	**△82,450**	**△63,826**
Gross profit	**417,226**	**374,441**
Sales, general and administrative expenses	△126,905	△101,873
Research and development costs	△122,843	△108,612
Amortization of intangible assets associated with products	△6,099	△4,178
Other income	47,151	528
Other expenses	△41,805	△3,702
Operating profit	**166,725**	**156,603**
Finance income	80,796	53,174
Finance costs	△8,605	△9,027
Profit before tax	**238,916**	**200,750**
Income tax expense	△33,002	△31,215
Profit	**205,914**	**169,534**
Profit attributable to		
Owners of parent	205,159	170,435
Non-controlling interests	754	△900
Profit	**205,914**	**169,534**

Consolidated statement of changes in equity　FY2025 (Year ended March 31, 2026)

(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, 2025	21,279	17,845	△65,855	1,115,729	272,924	1,361,924	572	1,362,497
Profit				205,159		205,159	754	205,914
Total other comprehensive income, net of tax					173,833	173,833		173,833
Comprehensive income	—	—	—	205,159	173,833	378,993	754	379,748
Purchase of treasury shares			△5			△5		△5
Disposal of treasury shares		△171	671			500		500
Dividends				△56,196		△56,196	△337	△56,534
Transfer from other components of equity to retained earnings				228,155	△228,155	—		—
Transfer from retained earnings to capital surplus		150		△150		—		—
Balance as of March 31, 2026	21,279	17,824	△65,189	1,492,697	218,603	1,685,215	989	1,686,205

Notes on Consolidated Financial Statements

(Notes on Significant Basic Items for Preparing Consolidated Financial Statement)

1. Standards for Preparation of Consolidated Financial Statements

   Pursuant to Article 120-1 of the Corporate Accounting Rules, the consolidated financial statements of the SHIONOGI Group are being prepared in accordance with publicly disclosed International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Note that the consolidated financial statements omit some line items required under IFRS owing to stipulations cited in the latter clauses of the Article.

2. Scope of consolidation

   Number of consolidated subsidiaries: 39

   Names of significant consolidated subsidiaries

   Shionogi Pharma Co., Ltd., Shionogi Healthcare Co., Ltd., Torii Pharmaceutical Co., Ltd., Shionogi Inc., Shionogi B.V., Shionogi (Hong Kong) Commerce Limited, Shionogi China Co., Ltd.

   (New) Increase owing to share acquisition:2 company

   Note: "Increase owing to share acquisition" is primarily due to the inclusion of Torii Pharmaceutical Co., Ltd. in the scope of consolidation through the acquisition of an equity interest.

   (Exclusion) Decrease owing to liquidation or dissolution: 4 companies

3. Matters on application of the equity method

   Number of jointly controlled entities to which the equity method is applied: 2 companies

   Number of affiliated companies to which the equity method is applied: 3 companies

   Name of major affiliated companies to which the equity method is applied:

   ViiV Healthcare Ltd.

   (New) Increase owing to share acquisition: 1 company

   Note: "Increase owing to share acquisition" is due to the inclusion of ViiV Healthcare Ltd. in the application of the equity method through the acquisition of an equity interest.

4. Significant accounting policies

   (1) Basis and method of valuation of significant assets

   1) Non-derivative financial assets

   (i) Initial recognition and measurement

   Among financial assets, non-derivative financial assets are recognized as trade receivables on the occurrence date. All other financial assets are initially recognized on the transaction date on which the Group becomes the contracting party.

   Financial assets are categorized as financial assets measured at amortized cost or financial assets measured at fair value at the time of initial recognition.

   This categorization is carried out as following depending whether the financial asset is a debt instrument or a capital instrument.

   (a) Financial assets that are debt instruments

   Financial assets are categorized as financial assets measured at amortized cost when they satisfy the following criteria.

   ・The asset is held in accordance with a business model that aims to possess financial assets for the purpose of collecting contractual cash flows.

   ・Cash flow, which is solely payment of interest for the principal and principal amount outstanding, occurs on specific dates based on the contractual terms for the financial assets.

   Should the financial asset also fulfill the following criteria, it is categorized as a financial assets measured at fair value through other comprehensive income.

・The said financial assets is held in accordance with a business model that aims to both collect contractual cash flow and for sale.

・Cash flow, which is solely payment of interest for the principal and principal amount outstanding, occurs on specific dates based on the contractual terms for the financial assets.

Should neither of the above apply, the financial asset shall be categorized as a financial asset measured at fair value through net income/loss.

(b) Financial assets that are capital instruments

In principle, these financial assets are measured at fair value through net income/loss.

However, capital instruments, excluding those held for trading purposes, are allowed to be categorized as financial assets measures at fair value through other comprehensive income at the time of initial recognition. Financial assets, in principle, are measured at fair value adding in the trading cost directly attributable to the said financial asset.

However, trade receivables that do not include significant financial factors are measured at the trading price.

In addition, trading cost for financial assets measured at fair value through net income/loss is recognized in net income at the time it is incurred.

(ii) Subsequent measurement

(a) Financial assets measured at amortized cost

The interest on financial assets measured at amortized cost, with the amortized cost being calculated using the effective interest method, is recognized under net income/loss as financial expense. When necessary, an asset impairment loss is deducted.

(b) Financial assets measured at fair value

Financial assets are measured at fair value.

Capital instruments that were selected for categorization as financial assets measures at fair value through other comprehensive income. Changes in fair value are recognized under other comprehensive income. Cumulative gains or loss are transferred to retained earnings once recognition is terminated. However, the interest is under net income/loss as financial income.

In addition, among debt instruments, fluctuations in fair value for financial assets categorized as financial assets measured at fair value through other comprehensive income are recognized under other comprehensive income, excluding asset impairment losses (or reversal) and foreign exchange translations, up to the time recognition of the said financial asset is terminated or re-categorized. Once recognition of the said financial asset is terminated, gains/losses previously recognized under other comprehensive income are transferred over to net income/loss.

For financial assets other than those mentioned above, changes in fair value are recognized under net income/loss.

(iii) Asset impairment

In each fiscal year, financial assets measured at amortized cost and, from among debt instruments, financial assets which are measured at fair value through other comprehensive income are measured to ascertain whether there has been a pronounced increase in credit risk from the time of initial recognition. Depending on whether there has been a pronounced increase in credit risk at the time of initial recognition, the following amounts are recognized under allowance for doubtful accounts.

(a) Case where there is no pronounced increase in credit risk since the time of initial recognition

Amount equivalent to 12 months of estimated credit loss

(b) Case where there has been a pronounced increased in credit rise since the time of initial recognition

Amount equivalent to the estimated lifetime credit loss

However, regardless of the above, for trade receivables and lease receivables, an amount equivalent to the estimated lifetime credit loss for is always recognized under the allowance for doubtful accounts.

The monetary amount for estimated credit loss is calculated as the current value of the difference with contractual cash flows that should be paid to the SHIONOGI Group depending on the contract, and cash flow expected to be obtained by the SHIONOGI Group.

Reversal to the allowance for doubtful accounts is recognized under net income/loss. Should an event occur that results in depletion to the allowance for doubtful accounts, SHIONOGI shall recognize this reversal under net income/loss.

(iv) Termination of recognition

Recognition of financial assets is terminated when contractual rights to cash flow from the asset expires, when contractual rights to receive cash flow from the asset is transferred, or when almost all of the risk and economic value related to possession of the financial asset has been transferred.

2) Non-derivative financial liabilities

(i) Initial recognition and measurement

Financial liabilities are categorized as financial liabilities measured at amortized cost and financial assets measured at fair value through net income/loss. Financial liabilities are initially recognized on the transaction date on which the Group becomes the contracting party.

Financial liabilities are initially recognized at fair value. For financial liabilities measured at amortized cost, trade cost directly related to the financial asset are deducted.

(ii) Subsequent measurement

Measurements of financial liabilities after initial recognition are performed as follows depending on the category.

(a) Financial liabilities measured at amortized cost

Amortized cost is measured using the effective interest method. Gains or losses, in the cases where amortization via the effective interest method and recognition are terminated, are recognized under net income/loss as financial income or financial expense.

(b) Financial liabilities measured at fair value through net income

Measurements are conducted at fair value. Fluctuations in fair value are recognized under net income/loss.

(iii) Termination of recognition

The recognition of financial liabilities is terminated when a specific liability is waived or cancelled during the contract period or when the contract expires.

3) Derivatives and hedge accounting

The Group uses derivatives, such as forward foreign exchange contracts, to hedge foreign currency risks.

These derivatives are initially recognized at fair value at the time the contracts are entered into and subsequently measured at fair value on an ex-post basis. Changes in the fair value of derivatives are, in principle, recognized in net income or loss.

However, the Group designates some derivatives as cash flow hedges. If they satisfy requirements for hedge accounting, the effective portion of changes in the fair value of the derivatives used as hedging instruments is recognized in other comprehensive income, while the ineffective portion is recognized in net income or loss.

The amounts of hedging instruments recorded in other comprehensive income are reclassified into net income or loss when the hedged transactions affect net income or loss.

However, if the hedging of forecast transactions results in the subsequent recognition of non-financial assets or liabilities, the amounts recognized in other comprehensive income are accounted for as adjustments to the original carrying amount of the non-financial assets or liabilities.

4) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer of the contract to reimburse the holder of the contract for losses it incurs because specified debtors fail to make payments when due under the original or modified terms of a debt instrument.

These financial guarantee contracts are measured at fair value at the time of contract. After initial recognition, except for those measured at fair value, they are measured at the higher of the allowance for doubtful accounts or the amount initially recognized less accumulated income recognized.

(2) Standards and methods for measuring inventory

Inventories are measured based on acquisition cost or net realizable value, whichever is lower. The acquisition cost includes raw material costs, direct labor and other direct costs and indirect costs related to manufacturing. When calculating the cost of inventory, the weighted average method is employed. The net realizable value is the estimated selling price in the normal course of business less the estimated costs up to completion and the estimated costs required for sales.

(3) Valuation criteria and method, and depreciation method of property, plant and equipment

The cost model is used to measure property, plant and equipment after recognition. Property, plant and equipment are carried at their acquisition costs less accumulated depreciation and accumulated impairment losses.

The acquisition costs include costs directly related to the acquisition of assets, and costs of dismantling, removal and restoration.

The straight-line method of depreciation is used for property, plant and equipment other than land and construction in progress based on the estimated useful life of the respective asset.

The estimated useful life of major property, plant and equipment is as follows.

・Buildings and structures 2-60 years

・Machinery, equipment and vehicles 2-17 years

That said, the depreciation method, residual value and useful life are reviewed each year and are revised when necessary.

(4) Valuation criteria and method, and amortization method of intangible assets

The cost model is used to measure intangible assets after recognition. Intangible assets are carried at their acquisition costs less accumulated amortization and accumulated impairment losses.

Individually acquired intangible assets are measured at their acquisition costs, and the acquisition costs of intangible assets acquired in business combinations are measured at fair value at the date of the acquisition.

Internally generated development costs are recognized as intangible assets only if all the criteria for recognition as assets are met. However, internally generated development costs that are incurred prior to obtaining manufacturing and marketing approval, such as clinical trial costs, are recognized as expenses when incurred, since they are considered not to meet the criteria for capitalization due to uncertainty associated with the length of time and their development.

The rights related to products and research and development acquired through product or technology in-licensing agreements or business combinations that are still in the research and development stage and have not yet been approved for marketing by regulatory authorities are recorded as in-process research and development assets and included in "intangible assets associated with products.”

Expenditures related to acquire in-process research and development are recorded as assets only if they are expected to bring future economic benefits to the Group and are identifiable. Such expenditures include upfront payments made to third parties and milestone payments upon achievement of targets.

Intangible assets with a defined useful life are depreciated using the straight-line method over the useful life of each asset. The depreciation of these assets starts from the time point these assets become usable.

Useful life by type of major intangible assets

・Intangible assets related to products 8-15 years

・Software 5 years

That said, the depreciation method, residual value and useful life are reviewed each year and are revised when necessary.

However, intangible assets are not depreciated as they are still not usable.

(5) Depreciation method for right-of-use assets

Right-of-use assets are depreciated over the period up to the end of useful life of the underlying asset in the case where the title to the underlying asset is transferred to the borrower by the end of the lease period or where the cost of acquisition of the right-of-use asset reflects the purchase option the borrower is likely to exercise, or in other cases, over the shorter of the following periods: from the commencement date of lease to the end of the useful life of the right-of-use asset or to the end of the lease period.

(6) Valuation criteria and method, and depreciation method of invested real estates

It conforms to property, plant and equipment.

(7) Matters related to goodwill

The amount of the acquisition price minus cumulative losses is posted as goodwill.

Goodwill is not amortized.

(8) Impairment losses on non-financial assets

Regarding non-financial assets (excluding inventories and deferred tax assets), the Company assesses whether there are signs of impairment losses on assets and cash-generating units. When there are indications of impairment loss, the recoverable amount for the said assets and cash-generating units is estimated and impairment tests are implemented.

For goodwill and intangible assets that are still not usable, regardless of where there are signs of impairment losses, an impairment test is conducted during a certain period each year. Furthermore, in the event of a sign of impairment losses, an impairment test is conducted at that time.

The recoverable amount is calculated with whichever is higher, fair value or utility value, after deducting the disposal cost. Utility value is calculated by discounting the current value, using the discount rate before taxes, which reflects the time value of money and intrinsic risks of said assets into the future expected cash flows generated by the assets or cash-generating units.

In the cases where the recoverable amount of assets and cash-generating units dips below book value, the book value is reduced down to the recoverable amount and the difference is recognized under net income/loss as an impairment loss.

Regarding asset impairment losses other than goodwill, the Company determines whether there is any indication of a reversal to asset impairment losses for those assets and cash-generating units for which asset impairment losses were recognized in past fiscal years. In the event there is any indication of a reversal, the Company will estimate the recoverable amount of the asset or cash-generating unit, should the recoverable amount exceed the book value, a reversal to impairment losses is carried out. The upper limit on a reversal to impairment loss is set at book value after deducting the depreciation/amortization amount, in the cases where impairment losses were not recognized in past years, and is recognized under net income/loss. There are no reversals to impairment losses on goodwill.

(9) Employee benefits

1) Post-employment benefits

(i) Defined benefit plan

The Company determines the present value of its defined benefit obligations and the related current service cost and past service cost using the projected unit credit method. Calculations are carried out for each individual defined benefit plan. The discount rate is determined by referencing market yields for high-grade corporate bonds as of the final business day of the consolidated fiscal year for the period up to the expected future payout date for benefits. The assets and liabilities related to defined benefit plans are calculated by deducting the fair value of a defined benefit plan’s assets from the present value of the plan’s liabilities. In the event a defined benefit plan is overfunded, the asset ceiling is set at the present value of the potential future economic benefits, in the form of a reduction in future premiums or cash refunds. Remeasurement of the defined benefit asset plan is recognized collectively in other comprehensive income and reclassified to retained earnings for the period during which it is incurred.

(ii) Defined contribution plans

Retirement benefit costs for defined contribution plans are expensed for the fiscal year during which employees render services.

2) Short-term employee benefits

Short-term employee benefits are recognized as an expense on an undiscounted basis at the time the related service is provided. Bonuses and paid vacation come with a present legal or constructive obligation. In the event it is possible to create a reliable estimate, the expected amount of payment is recognized as liability in accordance with the applicable plan.

(10) Standards for recognizing revenue

With the exception of interest and dividend revenue under IFRS 9, the SHIONOGI Group recognizes revenue, which is the monetary amount that reflects expected compensation the Company is entitle to in exchange for those goods or services transferred to the customer in accordance with the following five step approach:

Step1: Identify contracts with customers
Step2: Identify performance obligations in contracts
Step3: Calculate transaction price
Step4: Allocate the contract transaction price to individual performance obligations
Step5: Recognize revenue when (or as) the entity satisfies a performance obligation

In addition, regarding the promise to provide licensing, which is an independent performance obligation, consideration should be made to ascertain whether the nature of the Company' s promise when providing licensing to a customer is in line with item (1) or (2) below, and the Company shall determine whether licensing is to be provided to the customer for a specific point in time or for a specified period of time.

(1) Right to access an intellectual property of the SHIONOGI Group during the licensing period
(2) Right to use an intellectual property of the SHIONOGI Group at the point and time licensing is provided

Should it be determined that the nature of the Company's promise at the time when licensing is provided to the customer is to grant the customer the right to access intellectual property in the SHIONOGI Group during the licensing period, the promise to deliver licensing to a customer will be accounted for as a performance obligation that is to be fulfilled over a specific period of time.

Should it be determined that the nature of the Company's promise at the time when licensing is provided to the customer is to grant the customer the right to use intellectual property belonging to the SHIONOGI Group, the promise to deliver licensing to a customer will be accounted for as a performance obligation that is to be fulfilled at a specific point and time.

However, revenues in the form of, regardless of the above, sales-based or usage-based royalties are recognized based on the later of one of the two events below:

(1) Subsequent sale or usage occurs
(2) The performance obligation to which some or all of the sales-based or usage-based royalty has been allocated is fulfilled (or partially fulfilled).

(11) Foreign currency translations

1) Foreign currency-denominated transactions

Foreign currency-denominated transactions are being translated into functional currency at the exchange rate of the transaction date or a closer rate.

Foreign currency-denominated monetary assets on the settlement date are calculated using the foreign exchange rate for the settlement date. Foreign currency-denominated non-monetary assets measured at fair value are calculated using the foreign exchange rate for the calculation date for the said fair value. They are then re-translated into the Company's functional currency.

The translation differences arising from the said translations and settlements are recognized as net income/loss. However, translation differences arising from finance assets measured at fair value through other comprehensive income and cash flow hedges are recognized as other comprehensive income.

2) Exchange differences on translation of foreign operations

Assets and liabilities of foreign operations are translated using the foreign exchange rate for the settlement date. Revenues and expenses are translated based on the foreign exchange rate for the transaction date or a closer exchange rate. Exchange differences arising from the said translations are recognized as other comprehensive income.

In the event that foreign operations are disposed of, the amount of cumulative translation differences related to the said operations are transferred to net income in the period which they were disposed of.

(12) Important matters related to the preparation of other consolidated financial statements

Monetary figures shown have been rounded down to the nearest million yen.

(Notes on Changes in Presentation)

(Consolidated statement of financial position)

"Investments accounted for using the equity method," which were included in "Other non-current assets" in the fiscal year ended March 31, 2025, are now presented separately starting from the fiscal year ended March 31, 2026 because of their increased significance. To reflect this change in presentation, the 10,429 million yen included in "Other non-current assets" in the consolidated statement of financial position for the fiscal year ended March 31, 2025, has been reclassified and presented as "Investments accounted for using the equity method."

(Notes on Accounting Estimates)

1. Impairment of non-financial assets

In the consolidated financial statements for the fiscal year under review, SHIONOGI posted property, plant and equipment of 156,519 million yen, goodwill of 35,061 million yen and intangible assets of 173,553 million yen. In calculating the recoverable amount in an impairment test of these assets, we set assumptions such as sales forecast and discount rates in business plans, and potential sales approval by the regulatory authority prior to market launch. There is a possibility that these estimates will be impacted by changes in future economic conditions. In the case of a decline in the recoverable amount, there is a possibility that SHIONOGI will post impairment losses.

2. Fair value measurement of intangible assets identified in connection with acquisition of JT Pharmaceutical Business

Intangible assets acquired in business combinations are recognized at fair value as of the initial acquisition date.

Shionogi, in connection with the acquisition of the JT Pharmaceutical Business, measures royalty income arising from out-licensing agreements with licensees at fair value as an intangible asset, and has recognized 45,532 million yen on the consolidated statement of financial position. Note that this measurement of fair value is based on provisional accounting treatment since the allocation of purchase price has not been completed.

The fair value of this intangible asset is determined primarily using a valuation technique (the excess earnings method) that employs inputs not based on observable market data, including projected future cash flows and discount rates.

The significant assumption used in this fair value measurement is the forecasts of future sales for each product by the licensees. These sales forecasts are affected by the sales trends in competing products, changes in the competitive environment, and the marketing strategies of the licensees.

These estimates may be affected by changes in the business environment or the competitive landscape, among other factors. If the recoverable amount of intangible assets declines, impairment losses may be recorded.

(Notes on the Consolidated Statement of Financial Position)

1. Allowance for doubtful accounts with direct write-off from assets

Trade and other receivables	378 million yen
Other financial assets	35 million yen

2. Cumulative depreciation and impairment loss for property, plant and equipment

	204,616 million yen
Accumulated depreciation amount of invested real estates	1,264 million yen

3. Guarantee obligations

The Company has provided a guarantee for obligations of the company below.

PeptiStar Inc	8,990 million yen

(Notes) 1. This is an obligation based on the environmental improvement contract concluded for the program granted by Japan Agency for Medical Research and Development (AMED) as a Cyclic Innovation for Clinical Empowerment (CiCLE) program.

2. Two companies other than the SHIONOGI Group companies jointly provide the guarantee.

(Notes on Consolidated Profit and Loss Statement)

1. Main breakdown of other revenue

(Millions of yen)

	Amount
Gain on bargain purchase	43,868
Other	3,283
Total	47,151

Notes: "Gain on bargain purchase" was recorded due to the business combination of JT Pharmaceutical Business and Akros.

2. Main breakdown of other expenses

(Millions of yen)

	Amount
Impairment loss	35,040
Investment loss under equity method	2,293
Donations	1,053
Loss on retirement of fixed assets	848
Other	2,569
Total	41,805

Notes: "Impairment loss" represents the following: 14,132 million yen and 11,982 million yen on in-process R&D assets GRT7039 (resiniferatoxin) and BPN14770 (zatolmilast), respectively, primarily due to a review of development plans; and 3,946 million yen on goodwill for the China pharmaceutical business.

(Notes on the Consolidated Statement of Changes in Equity)

1. Type and number of shares in issue and type and number of shares of treasury stock

(Shares)

	April 1, 2025	Increase	Decrease	March 31, 2026
Shares in issue Common stock	889,632,195	—	—	889,632,195
Total	889,632,195	—	—	889,632,195
Treasury stock Common stock	38,944,777	17,381	305,400	38,656,758
Total	38,944,777	17,381	305,400	38,656,758

Notes:

1. The increase of 17,381 shares in the number of treasury common shares is attributable to an increase of 2,096 shares through the purchase of fractional shares and an increase of 15,285 shares through the free acquisition under the restricted stock compensation plan.
2. The decrease of 305,400 shares in the number of treasury common shares is attributable to a decrease of 200,400 shares due to the disposal as restricted stock compensation, and a decrease of 105,000 shares due to the exercise of stock acquisition rights.

2. Dividends

(1) Dividend payments

Resolution	Category	Total dividends	Dividends per share	Dividend record date	Effective date
Annual General Meeting of Shareholders held on June 18, 2025	Common stock	28,369 million yen	33 yen	March 31, 2025	June 19, 2025
Meeting of Board of directors on October 27, 2025	Common stock	28,379 million yen	33 yen	September 30, 2025	December 1, 2025

Notes:

The total amount of dividends resolved by the Board of Director on October 27, 2025 and Annual General Meeting of Shareholders on June 18, 2025 includes dividends of 297 million yen on the Company's shares held by the trust account of Sumitomo Mitsui Trust Bank, Limited (re-trustee: Custody Bank of Japan. Ltd (trust account)) relating to the SHIONOGI INFECTIOUS DISEASE RESEARCH PROMOTION FOUNDATION.

(2) Dividends whose record date is within this consolidated fiscal year but whose effective date is subsequent to March 31, 2026

The following is to be approved at the 161st Annual General Meeting of Shareholders to be held on June 24, 2026.

Resolution	Category	Total dividends	Dividend resource	Dividends per share	Dividend record date	Effective date
Annual General Meeting of Shareholders to be held on June 24, 2026	Common stock	32,679 million yen	Retained earnings	38 yen	March 31, 2026	June 25, 2026

Notes:

The total amount of dividends resolved by the Annual General Meeting of Shareholders on June 24, 2026 includes dividends of 342 million yen on the Company's shares held by the trust account of Sumitomo Mitsui Trust Bank, Limited (re-trustee: Custody Bank of Japan. Ltd (trust account)) relating to the SHIONOGI INFECTIOUS DISEASE RESEARCH PROMOTION FOUNDATION.

3. Shares Issuable during the Share Subscription Rights Exercise Period as of the end of this consolidated fiscal year (March 31, 2026)

Subscription rights to shares

	FY 2011 Subscription Rights to Shares for Shionogi & Co., Ltd.	FY 2012 Subscription Rights to Shares for Shionogi & Co., Ltd.	FY 2013 Subscription Rights to Shares for Shionogi & Co., Ltd.	FY 2014 Subscription Rights to Shares for Shionogi & Co., Ltd
Date of resolution issuance	June 24, 2011	June 27, 2012	June 26, 2013	June 25, 2014
Class of shares to be issued upon exercise of the subscription rights to shares	Common stock	Common stock	Common stock	Common stock
Number of shares to be issued upon exercise of the subscription rights to shares	27,000	47,400	25,800	35,100

	FY 2015 Subscription Rights to Shares for Shionogi & Co., Ltd.	FY 2016 Subscription Rights to Shares for Shionogi & Co., Ltd.	FY 2017 Subscription Rights to Shares for Shionogi & Co., Ltd.
Date of resolution issuance	June 24, 2015	June 23, 2016	June 22, 2017
Class of shares to be issued upon exercise of the subscription rights to shares	Common stock	Common stock	Common stock
Number of shares to be issued upon exercise of the subscription rights to shares	21,900	18,900	18,900

Notes: 1. The Stock Acquisition Rights Agreement concluded between the Company and the stock acquisition rights holders stipulates the following during the exercise period:

(i)During the stock acquisition rights exercise period, Company directors who are stock acquisition rights holders who cease to be a Company director may only exercise their stock acquisition rights during the 10-day period beginning the day immediately following the date of cessation (if the 10th day is a holiday, the next business day), and may only exercise their stock acquisition rights in full, in a single transaction.

(ii)During the stock acquisition rights exercise period, Company corporate officers who are stock acquisition rights holders who cease to be a Company corporate officer or whose employment contract with the Company expires (excluding the re-employment contract after retirement) may only exercise their stock acquisition rights during the 10-day period beginning the day immediately following the date of cessation (if the 10th day is a holiday, the next business day), and may only exercise their stock acquisition rights in full, in a single transaction.

Corporate officers who are stock acquisition rights holders and who are elected as directors may not exercise their stock acquisition rights until they officially retire as directors.

(Notes on Financial Instruments)

1. Matters relating to financial instruments

(1) Financial risk management

In carrying out business activities, the SHIONOGI Group is exposed to financial risks (credit risks, liquidity risks, foreign exchange risks, risks of fluctuation in market prices, etc.), and the Group is implementing risk management based on specific policies to avoid or mitigate such risks.

In addition, the SHIONOGI Group uses funds on hand and bank borrowings for the capital it requires, referencing business plans mainly for carrying out the manufacturing and sales of pharmaceuticals. The Company invests temporary surplus funds in the management of financial assets with a high degree of safety. Derivatives are used to avoid the risks mentioned below. And it is the policy of SHIONOGI to avoid speculative trades.

(2) Credit risk

Trade receivables, which are composed of notes and accounts receivables, are exposed to customer credit risk. The Company adheres to internally stipulated procedures and the Finance & Accounting Department and related departments regularly monitor the conditions of major business partners to manage due dates and amounts outstanding per account. Moreover, the Company aims to quickly grasp and mitigate possible exposure to doubtful receivables mainly due to deterioration of financial conditions. SHIONOGI is also carrying out similar management at its consolidated subsidiaries in accordance with its management rules.

On top of this, derivative transactions are exposed to counterparty risks. In light of this, such transactions are only carried out with financial institutes with a high credit rating.

(3) Liquidity risk

Liquidity risk is the risk of the SHIONOGI Group becoming unable to meet its repayment obligations for financial liabilities that have come due. The Company manages its liquidity risk by properly preparing and updating financing plans by the Finance & Accounting Department based on reports from related departments.

(4) Market risks

1) Foreign exchange volatility risk

Trade receivables and debts denominated in foreign currencies at businesses being deployed globally by the SHIONOGI Group, scheduled transactions, and loans and borrowings to group companies are exposed to foreign exchange volatility risks. The Company hedges against foreign exchange volatility risks grasped for each currency for its foreign currency denominated trade receivables and debts by using foreign exchange forwards and currency options.

2) Market price fluctuation risks

The SHIONOGI Group maintains shareholdings, including bonds and equity in business partners, which are exposed to the risk of fluctuation in market prices. The Group regularly grasps the fair value of its shareholdings and the financial conditions of the issuing companies (business partners), and also manages its shareholdings by continuously reviewing the status of its holdings.

2. Matters related to the fair value of financial instruments

The following shows the book and fair values of financial instruments at the end of the consolidated fiscal year under review.

Note that in the Consolidated Statement of Financial Position, financial instruments measured at fair value and those financial instruments where the book value is similar to its fair value are not included in the table below.

(Millions of yen)

	Book value	Fair value
Financial instruments measured at amortized cost		
Bonds (long-term)	17,214	17,005

Note: The fair value of long-term bonds is calculated mainly based on the price presented by the trading exchange or the corresponding financial institution.

3. Matters related to the breakdown of financial instruments by each fair value level

(1) Fair value hierarchy

The hierarchy for fair value of financial institutions is as follows.

Level 1: Fair value calculated using the unadjusted market price in an active market

Level 2: Fair value calculated using prices that are directly or indirectly observable, other than the market price included in Level 1.

Level 3: Fair value calculated using a valuation method, including inputs that cannot be observed.

Transfer between levels of the fair value hierarchy is recognized on the day when the event or the change in the situation that caused the transfer occurs.

(Millions of yen)

	Level 1	Level 2	Level 3	Fair value
Financial assets				
Financial instruments measured at amortized cost				
Bonds (long-term)	1,907	15,097	—	17,005
Financial assets measured at fair value through net income/loss				
Derivative assets	—	—	2,252	2,252
Investments in capital	—	—	16,667	16,667
Other	—	—	499	499
Subtotal	—	—	19,420	19,420
Financial assets measured at fair value through other comprehensive income				
Stocks and investments in capital	48,108	—	16,504	64,613
Other	—	—	1,475	1,475
Subtotal	48,108	—	17,980	66,089
Total	50,016	15,097	37,400	102,514
Financial liabilities				
Financial liabilities measured at fair value through net income/loss				
Derivative liabilities	—	5,765	—	5,765
Contingent price	—	—	1,789	1,789
Total	—	5,765	1,789	7,554

(Notes) 1. The Level 1 financial assets include the interest-bearing national government bonds and listed shares.

2. The Level 2 financial assets are corporate bonds and other bonds. In addition, the Level 2 financial liabilities are derivative financial liabilities through foreign exchange forwards, etc. Their fair values are calculated based on the prices provided by the correspondent financial institutions.

3. The Level 3 financial assets are mainly unlisted shares and capital investments. Their fair values are calculated using the valuation method based on net asset value, the valuation method based on a discounted future cash flow, or other valuation method. Fair value is calculated by the staff in charge in accordance with the relevant internal regulations or by using external valuation specialists after determining a valuation method that can properly reflect the risks, characteristics and features of the asset.

4. The contingent price is the milestone payment to be made depending on the progress, etc. in research and development at the acquired company. Its fair value is calculated taking into consideration the possibility of success of the R&D project and the time value of money. When the possibility of success of an R&D project, which is an important input that cannot be observed, the fair value rises.

(2) Adjustments of financial instruments classified as Level 3 from the balance at the beginning of the period to the balance at the end of the period

Financial instruments classified as Level 3 in the fair value hierarchy were adjusted from the balance at the beginning of the period to the balance at the end of the period as follows.

(Millions of yen)

	Financial instruments measured at fair value
Balance at beginning of period	254,737
Total profits and losses	
Net income *1	298
Other comprehensive income	124,243
Purchase	8,420
Sales	△63
Transfer from Level 3 *2	△354,775
Other	4,537
Balance at end of period	37,400
Changes in unrealized gains/losses recorded as net income/loss with respect to the assets possessed at the end of this consolidated fiscal year (March 31, 2026)	298

Notes: 1. It is included in "Financial income" and "Financial costs" in the consolidated statements of income.
2. Transfer due to delisting of the shares held

(Notes on Investment Property)

1. Matters related to the status of investment property

The Company and some of its subsidiaries own properties, chiefly consisting of office buildings for lease (including land), primarily in regions around Japan.

2. Matters related to the fair value of investment property

(Millions of yen)

Amount posted on the Consolidated Statement of Financial Position	Fair value
27,337	46,959

Notes:

1. The amount posted on the Consolidated Statement of Financial Position is the amount deducting cumulative depreciation and cumulative asset impairment loss from the acquisition price.
2. The fair value of investment property consists mainly of the amount based on an appraisal by a third-party real-estate appraiser (including appraisals which were adjusted in-house by using certain indicators)

(Notes on Revenue Recognition)

1. Breakdown of revenue

(Millions of yen)

	Amount
Domestic prescription pharmaceutical revenue	123,454
Export and overseas subsidiary revenue	64,961
Contract manufacturing revenue	15,070
OTC drug revenue	15,046
Revenue from royalty income	278,605
Other revenue	2,539
Total revenue	499,677

2. Background information for understanding revenue

Revenue stated in the Consolidated Statement of Profit or Loss is revenue recognized from contracts with customers and from other sources. Revenue recognized from other sources is not material.

Revenue of the SHIONOGI Group is composed of the following: Domestic prescription pharmaceutical revenue includes revenue from the sale of prescription pharmaceuticals in Japan and compensation from co-promotion contracts. Revenue from exports and overseas subsidiaries consists of revenue from the sale of prescription pharmaceuticals through export transactions, revenue from the sale of prescription pharmaceuticals recognized by overseas subsidiaries and royalty income related to prescription pharmaceuticals. Contract manufacturing revenue includes revenue related to the contract manufacturing of pharmaceutical raw materials. OTC drug revenue includes revenue from OTC drug sales and royalty income recognized by SHIONOGI and domestic subsidiaries. Royalty income comprises royalty income related to prescription pharmaceuticals recognized by SHIONOGI and domestic subsidiaries. And other revenue includes revenue from the sale of diagnostic reagents and sales at domestic subsidiaries.

In sales of prescription pharmaceuticals and OTC drugs in Japan and abroad, unless otherwise stated separately in a contract, revenue is recognized at the time when the product arrives at the customer for domestic prescription pharmaceutical sales and for overseas sales, revenue is recognized once it is determined that SHIONOGI's performance obligation has been fulfilled at the time the customer has taken control of the said product in accordance with various terms and conditions of trade. Revenue is recognized at the time this performance obligation is fulfilled. Compensation for the transaction is generally received within four (4) months after the fulfillment of the performance obligation.

Note that in the case of some transactions, for the purpose of sales promotion of a product of the SHIONOGI Group, customers are given a rebate based mainly on the sales volume of the related product. Accordingly, the amount of compensation fluctuates. However, given the amount of the rebate given to a customer can be reasonably estimated, in general, there is not major reversal to the cumulative amount of the recognized revenue. Accordingly, the Company determines that there are no restrictions on estimating this fluctuating compensation amount.

In addition, products sold by the SHIONOGI Group include those products for which the customer has right to return to the Group. For these products, the estimated amount of return (refund) is calculated based on the forecast rate of unsold goods and is deducted from revenue. In addition, the same amount is posted to refund liabilities. Moreover, products sold by the SHIONOGI Group are difficult to resell due to the nature of the products and therefore, at the time of settlement of refund liabilities, the Company does not recognize the assets for the right to recover the product to be returned.

In contract manufacturing of pharmaceutical raw materials, in principle, the Company determines that it has fulfilled its performance obligation at the time the product arrives at the customer and posts revenue when it has fulfilled the said performance obligations. In addition, the compensation for this transaction is generally received within two (2) months after the fulfillment of this performance obligation.

In licensing, the SHIONOGI Group provides the right to use intellectual properties, including patents possessed by the SHIONOGI Group, to the other party of a licensing agreement. The SHIONOGI Group determines that its performance obligation has been satisfied at a specific point and time as it deems it will not conduct activities that will have a material impact on the intellectual properties supplied under the agreement. The Company determines that its performance obligations have been fulfilled at the time when it provides licensing to the customer, and posts revenue at the time when it fulfills the said performance obligation.

Compensation for licensing mainly comes in the form of a contract fee received when the contract is entered into, milestone income in line with the fulfillment of certain terms, including progress in research and development or sales, and fixed-rate royalties based on sales or sales volume for the related product. Revenue is generally received two (2) months after the respective requirements for receiving compensation have been satisfied.

Among these forms of compensation for providing licensing, milestone revenue is received when certain conditions are met. The expected amount of variable compensation fluctuates when the SHIONOGI Group receives rights, given it is uncertain whether the licensee will fulfill the said conditions. In the cases where the compensation amount includes fluctuating components, the amount of compensation to be obtained for the rights is estimated, and when the uncertainties related to the variable compensation have been resolved, and only when there is a high level of certainty a major reversal will likely not arise for the cumulative amount of recognized revenue, milestone is included in the transaction price. Terms for receiving a milestone payment depend on the decision and actions of the customer after the customer receives licensing. Given that uncertainties are not resolved in the long term in this case, there is a possibility that a major reversal to revenue will occur once the uncertainties are resolved. In light of this, estimates for the variable compensation are limited for licensing agreements where a milestone payment is received once the prescribed conditions are fulfilled.

However, among the forms of licensing compensation, sales-based and usage-based royalties are recognized as revenue based on the later of subsequent sale or usage occurs, or the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated is fulfilled (or partially fulfilled).

Note that significant financial components are not included in the compensation to be received by the SHIONOGI Group. At the time of the start of a contract, the SHIONOGI Group elects not to adjust for significant financial components in the cases where there is a period of 12 months or less between the time the Group provides products or services to the customer and the time the customer pays for the said products or services.

In addition, the SHIONOGI Group does not conduct sales of products with product warranties or similar rights.

3. Information to understand the amounts of revenues for the fiscal year under review and the subsequent years

(1) Contract balance

The contract balance is as follows.

(Millions of yen)

	Receivables arising from contracts with customers			Contract liabilities
	Trade notes	Accounts receivable	Total	
Balance as of April 1, 2025	209	120,891	121,101	1,435
Balance as of March 31, 2026	229	159,647	159,876	1,205

There is no balance of contract assets as of the end of this consolidated fiscal year (March 31, 2026).

Of the amount of revenue, 246 million yen was included in the balance of contract liabilities at the beginning of the period.

For this fiscal year 2025, revenue recognized with respect to the performance obligations fulfilled in past fiscal years was 279,255 million yen. Among compensations related to licensing contracts under which the performance obligations are fulfilled at the time of licensing, the milestone income and royalties that will be received by the SHIONOGI Group for sure with the required conditions satisfied during the consolidated fiscal year under review were recorded as revenue.

(2) Transaction price allocated for remaining performance obligations

The SHIONOGI Group applies the practical expedient of IFRS 15 “Revenue from Contracts with Customers,” Paragraph 121, and does not disclose information regarding remaining performance obligations with an initially expected remaining period of one year or less. In addition, there are no important transactions with an individual contract period estimated to exceed a year at the SHIONOGI Group. Note that there are no significant amounts not included in the transaction price in the consideration arising from the contract with the customer.

(3) Assets recognized from costs to acquire or perform contracts with customers

As of the end of the consolidated fiscal year (March 31, 2026), there are no assets recognized from costs to acquire or perform contracts with customers. The SHIONOGI Group has chosen to recognize the costs to acquire or perform contracts with customers as expenses upon occurrence of such costs where the depreciation period for the assets recognized from such costs is one year or less.

(Notes on Amounts per Share）

Equity attributable to owners of parent per share	1,980.14 yen
Basic net income per share	241.11 yen
Diluted net income per share	241.04 yen

(Notes on Business Combinations)

At the Board of Directors meeting held on May 7, 2025, Shionogi resolved to acquire common shares of Torii Pharmaceutical Co., Ltd. (hereinafter, "Torii Pharmaceutical") through a tender offer pursuant to the Financial Instruments and Exchange Act (hereinafter, the "Tender Offer), to succeed to the pharmaceutical business of Japan Tobacco Inc. (hereinafter, "Japan Tobacco") (hereinafter, "JT Pharmaceutical Business") through a company split (simplified absorption-type split) (hereinafter, the "Absorption-type Split"), and to enter into an agreement regarding the acceptance of all issued shares of Akros Pharma Inc. (a 100% sub-subsidiary of Japan Tobacco, hereinafter, "Akros") by Shionogi Inc., a U.S. subsidiary (hereinafter, the "Share Acceptance").

As a result of the Tender Offer, which Shionogi has implemented since May 8, 2025, Torii Pharmaceutical became an equity-method affiliate of Shionogi on June 25, 2025, which is the commencement date of settlement for the Tender Offer.

Torii Pharmaceutical resolved at its extraordinary general meeting of shareholders held on September 1, 2025 to acquire all of Torii Pharmaceutical's common shares held by Japan Tobacco (hereinafter referred to as the "Share Repurchase"), and the Share Repurchase became effective on the same day. As a result, Torii Pharmaceutical became a subsidiary of Shionogi on September 1, 2025, the effective date of the Share Repurchase.

On December 1, 2025, Shionogi completed the succession to the JT Pharmaceutical Business through a simplified absorption-type split, and Akros became a subsidiary of Shionogi Inc. through the Share Acceptance.

The acquisition-related expenses for the Absorption-type Split, the Share Acceptance, and the Tender Offer amount to 1,500 million yen. Acquisition-related expenses are included in "Selling, general and administrative expenses" on the consolidated statement of profit or loss.

Torii Pharmaceutical

1. Outline of business combination

(1) Name and line of business of the acquired company

Name: Torii Pharmaceutical Co., Ltd.
Line of business: Manufacture and marketing of pharmaceutical products
Date of acquisition: September 1, 2025

(2) Main reasons for the business combination

The SHIONOGI Group had been considering a collaboration with the JT Pharmaceutical Business since the beginning of 2024 to realize its vision "Building Innovation Platforms to Shape the Future of Healthcare" in its efforts relating to the STS2030 Revision, its medium-term business plan. After careful consideration, it concluded that acquiring the JT Pharmaceutical Business and making Akros and Torii Pharmaceutical wholly owned subsidiaries were highly significant to realizing the vision.

While the JT Pharmaceutical Business is responsible for research and development, Torii Pharmaceutical is responsible for manufacturing, marketing, and promotional activities. By establishing an integrated value chain between the two companies, we have created an efficient collaborative framework. Torii Pharmaceutical is a pharmaceutical company with strengths in the areas of skin diseases, allergens, and kidney/dialysis. To achieve our medium- to long-term business vision "VISION2030" and ensure sustainable growth beyond 2030, it has been focusing on "maximizing the value of existing products and development products" and "acquiring new in-licensed products."

After this transaction, synergies can be anticipated, such as the following: (1) the distinct strengths of Shionogi and Torii Pharmaceutical with regard to medical departments and facilities will be integrated, expanding the scope of information provision and also enabling the provision of information that meets the needs of doctors; (2) the potential for global expansion of future development pipelines will increase, leading to strengthened marketing through the accumulation of R&D and marketing data collected and evaluated both in Japan and overseas; and (3) by utilizing Shionogi's manufacturing facilities, a flexible in-house production system can be established, including the ability to increase production. Therefore, Torii Pharmaceutical became a subsidiary of the SHIONOGI Group by repurchasing its shares from Japan Tobacco, the former parent company of Torii Pharmaceutical.

(3) Ratio of equity interest acquired

	Voting rights ratio	Equity ownership ratio
Percentage immediately prior to acquisition	38.46%	38.46%
Percentage on the acquisition date	61.54%	47.88%
Percentage after acquisition	100.00%	86.34%

2. Fair value of consideration transferred for the acquired company

Fair value of existing equity interest: 69,754 million yen

3. Fair values of assets acquired, liabilities assumed, and consideration paid as of the acquisition date

(Millions of yen)

	Provisional fair value
Fair value of consideration transferred	69,754
Fair values of assets acquired and liabilities assumed	
Intangible assets *2	5,576
Other financial assets (non-current)	34,351
Other non-current assets	11,101
Inventory	20,177
Trade receivables	31,879
Other financial assets (current)	12,132
Cash and cash equivalents	4,414
Other current assets	1,917
Other non-current liabilities	△3,364
Trade payables	△9,008
Other financial liabilities (current)	△48,557
Other current liabilities	△2,899
Fair values of assets acquired and liabilities assumed (net)	57,721
Goodwill *3	19,918
Non-controlling interests *4	△7,884
Total	69,754

(Notes) 1. The identification of assets and liabilities for the consolidated fiscal year ended March 31, 2026, is currently under a detailed review, and the allocation of purchase price has not been completed. Therefore, provisional accounting treatment has been applied based on reasonable information available at this time.
2. Intangible assets are primarily marketing rights.
3. Goodwill is primarily generated in relation to expected future profitability. None of the recognized goodwill is expected to be deductible for tax purposes.
4. Non-controlling interests are measured by multiplying the percentage of non-controlling interests after the business combination by the identifiable net assets of the acquired company on the date control was acquired.

4. Cash flows associated with the acquisition

Consideration transferred in cash	—
Cash and cash equivalents received on acquisition date	4,414 million yen
Proceeds from purchase of subsidiaries	4,414 million yen

5. Business combinations achieved in stages

The loss on the step acquisition is not material.

6. Impact on business performance

The revenue and profit arising on and after the acquisition date in relation to this business combination are 40,548 million yen and 4,176 million yen, respectively.

7. Additional acquisition

In October 2025, Shionogi acquired additional shares of Torii Pharmaceutical, which became a consolidated subsidiary in September 2025, through a squeeze-out procedure. We have determined that it is appropriate to account for this acquisition as a single transaction together with the Share Repurchase.

As a result, our equity interest in Torii Pharmaceutical has increased from 86.34% to 100.00%.

The consideration transferred for the additional shares of Torii Pharmaceutical acquired through the squeeze-out procedure was 11,026 million yen. As a result of this additional acquisition, non-controlling interests decreased by 7,884 million yen and goodwill increased by 3,142 million yen.

JT Pharmaceutical Business

1. Outline of business combination

(1) Name and line of business of the acquired company

Name: Japan Tobacco Inc.

Line of business: Pharmaceutical business

Date of acquisition: December 1, 2025

(2) Main reasons for the business combination

JT Pharmaceutical Business has been engaged in research and development of prescription drugs since entering the business in 1987, aiming to create first-in-class small molecule drugs through stable research and development investment. Currently, under the business purpose of "respecting science, technology and people, we will contribute to patients' lives" and aiming to create original new drugs that can be used internationally, Japan Tobacco conducts research and development, while Torii Pharmaceutical handles manufacturing, marketing, and promotion activities, building an integrated value chain and maximizing synergies within the group. The JT Pharmaceutical Business focuses on three priority research and development areas: cardiovascular, renal, and muscle; immunology and inflammation; and central nervous system. It has strengths in efficient and rapid clinical development through specialization on research and development in small molecule drug discovery and collaboration between domestic and international research and development bases. To deliver new drugs created in-house to patients as early as possible, the JT Pharmaceutical Business actively engages in out-licensing and partnerships with global mega-pharma companies, in addition to promoting in-house development.

To realize its Vision, Shionogi concluded that by acquiring the JT Pharmaceutical Business, which has strengths in small molecule drug discovery and high research and development capabilities, it would be possible to accelerate the development of promising pipeline projects held by the two companies and increase the efficiency and speed of business operations through the establishment of a collaborative structure with Shionogi's pharmaceutical manufacturing functions. Shionogi believes that this business combination will create a leading company that delivers innovative pharmaceuticals from Japan to the world, contributing to the health of patients and people worldwide and to the realization of a sustainable and healthy society.

2. Fair value of consideration transferred for the acquired company

Fair value of consideration transferred: 4,271 million yen (after adjusting for working capital and others)

3. Fair values of assets acquired, liabilities assumed, and consideration paid as of the acquisition date

(Millions of yen)

	Provisional fair value
Fair value of consideration transferred	4,271
Fair values of assets acquired and liabilities assumed	
Intangible assets *2	45,933
Property, plant and equipment	28,406
Other non-current assets	7,106
Other current assets	15,603
Other non-current liabilities	△35,902
Other current liabilities	△13,093
Fair values of assets acquired and liabilities assumed (net)	48,053
Gain on bargain purchase *3	△43,781
Total	4,271

(Notes)

1. The identification of assets and liabilities for the consolidated fiscal year ended March 31, 2026, is currently under a detailed review, and the allocation of purchase price has not been completed. Therefore, provisional accounting treatment has been applied based on reasonable information available at this time.
2. Intangible assets are primarily marketing rights.
3. In measuring the fair value of the acquired assets, the fair value of the net assets acquired exceeded the consideration transferred due to the recognition of valuation gains on intangible assets and property, plant and equipment (land and buildings). As a result, a bargain purchase gain of 43,781 million yen was recognized from this absorption-type split. The gain on bargain purchase that arose was recorded under "Other income" of the consolidated statement of profit or loss.

4. Cash flows associated with the acquisition

Consideration transferred in cash	4,271 million yen
Cash and cash equivalents received on acquisition date	—
Payments for acquisition of businesses	4,271 million yen

5. Impact on business performance

The revenue and profit arising on and after the acquisition date in relation to this business combination are 8,265 million yen and a loss of 298 million yen, respectively.

Akros

1. Outline of business combination

(1) Name and line of business of the acquired company

Name: Akros Pharma Inc.

Line of business: Clinical development and exploration of joint research and new technology projects overseas

Date of acquisition: December 1, 2025

(2) Main reasons for the business combination

Please refer to “1. Outline of business combination (2) Main reasons for the business combination” of the JT Pharmaceutical Business.

(3) Ratio of equity interest acquired

	Voting rights ratio
Percentage immediately prior to acquisition	—
Percentage on the acquisition date	100.00%
Percentage after acquisition	100.00%

2. Fair value of consideration transferred for the acquired company

Fair value of consideration transferred: 4,238 million yen (after adjusting for working capital and others)

3. Fair values of assets acquired, liabilities assumed, and consideration paid as of the acquisition date

(Millions of yen)

	Provisional fair value
Fair value of consideration transferred	4,238
Fair values of assets acquired and liabilities assumed	
Other financial assets (non-current)	1,954
Other non-current assets	1,154
Other current assets	513
Cash and cash equivalents	2,583
Other non-current liabilities	△986
Other current liabilities	△891
Fair values of assets acquired and liabilities assumed (net)	4,328
Gain on bargain purchase *2	△89
Total	4,238

(Notes) 1. The identification of assets and liabilities for the consolidated fiscal year ended March 31, 2026, is currently under a detailed review, and the allocation of purchase price has not been completed. Therefore, provisional accounting treatment has been applied based on reasonable information available at this time.

2. The bargain purchase gain that arose as a result of measuring the assets acquired and liabilities assumed at fair value in connection with the business combination and comparing them with the consideration paid was recorded in “Other income” in the consolidated statement of profit or loss.

4. Cash flows associated with the acquisition

Consideration transferred in cash	4,238 million yen
Cash and cash equivalents received on acquisition date	2,583 million yen
Purchase of subsidiaries	1,655 million yen

5. Impact on business performance

Profit and loss information relating to the business combination after the acquisition date and profit and loss information assuming that the business combination took place at the beginning of the fiscal year are omitted because the impact on the consolidated statement of profit or loss is immaterial.

(Notes on Significant Subsequent Events)

(Absorption-type Merger with Torii Pharmaceutical Co., Ltd.)

At a meeting of the Board of Directors held on February 20, 2026, it was resolved, as a basic policy, to implement an absorption-type merger (hereinafter, the “Merger”) with Torii Pharmaceutical Co., Ltd. (hereinafter, “Torii Pharmaceutical”), Shionogi’s wholly owned subsidiary. Additionally, at a meeting of the Board of Directors held on April 27, 2026, a resolution was passed to carry out the absorption-type merger with an effective date of April 1, 2027.

1. Purpose of the Merger

Based on the SHIONOGI Group Heritage, “Shionogi strives constantly to supply the best possible medicine to protect the health and wellbeing of the patients we serve,” we initiated a tender offer for Torii Pharmaceutical on May 8, 2025, with the aim of further strengthening our domestic business and enhancing our ability to deliver medicines that meet the needs of a greater number of patients. As a result, Torii Pharmaceutical became a wholly owned subsidiary of Shionogi on September 1, 2025. Since then, Shionogi and Torii Pharmaceutical have been working to build a stronger system for delivering our respective core products to a broader patient population by leveraging each company’s distinct strengths and by expanding and reinforcing our medical information and promotion activities. Furthermore, unlike the infectious disease area, which is one of our focus areas, the allergy and skin diseases areas, in which Torii Pharmaceutical possesses high levels of expertise, are less susceptible to fluctuations caused by seasonal trends and are characterized by significant unmet medical needs. By continuing to respond to patient needs in these therapeutic areas, Torii Pharmaceutical is also contributing to the establishment of a stable and sustainable business foundation for our domestic operations.

To further accelerate these initiatives and enhance our contribution to healthcare, we have determined that it is essential to strengthen collaboration between both companies even further and to transition to a new phase in which integration synergies can be maximized through swift and unified decision-making. Based on this determination, we have decided on the basic policy regarding the Merger at the meeting of the Board of Directors on February 20, 2026. Subsequently, a resolution regarding the Merger was passed at a meeting of the Board of Directors held on April 27, 2026, based on a review in accordance with the basic policy. An absorption-type merger agreement was also concluded between the two companies.

2. Overview of the Merger

(1) Merger schedule

Date of Board resolution for signing the absorption-type merger agreement: April 27, 2026
Date of signing the absorption-type merger agreement: April 27, 2026
Date of the Merger (effective date): April 1, 2027 (planned)

Note: Since the Merger corresponds to a simplified merger under Article 796, paragraph (2) of the Companies Act for Shionogi, and a short-form merger under Article 784, paragraph (1) of the Companies Act for Torii Pharmaceutical, neither company will hold a general meeting of shareholders to approve the merger agreement.

(2) Form of merger

This will be an absorption-type merger with Shionogi as the surviving company and Torii Pharmaceutical as the absorbed company.

(3) Allocation related to the merger

As Torii Pharmaceutical is a wholly owned subsidiary of Shionogi, the Merger will not entail the issuance of new shares or allocation of monies.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights associated with the merger

Not applicable

3. Situation after the Merger

There will be no changes to Shionogi’s trade name, location, representative’s title and name, business activities, capital, or fiscal year end following the Merger.

4. Future prospects

As the Merger involves Shionogi and its wholly owned subsidiary, the impact on Shionogi's consolidated performance is expected to be minimal.

(Completion of Succession to Edaravone Business and Establishment of RADICAVA Business Company)

At a meeting of the Board of Directors held on December 22, 2025, Shionogi resolved to enter into an agreement to acquire all global rights, including in Japan and the U.S., to edaravone (brand names: RADICUT in Japan, RADICAVA in U.S.), a drug developed and marketed by Tanabe Pharma Corporation (hereafter "Tanabe Pharma") for the treatment of amyotrophic lateral sclerosis (ALS). Effective April 1, 2026, we have completed the transfer of all rights to Shionogi, including intellectual property rights and marketing rights, for edaravone (brand names: RADICUT in Japan, RADICAVA in U.S.), a treatment for amyotrophic lateral sclerosis (ALS), in major countries and regions.

In addition, the RADICAVA business company established as a result of this transaction commenced operations on that date as a wholly owned subsidiary of Shionogi Inc., Shionogi's Group company in the U.S.

1. Outline of the RADICAVA business company

Name	RADIANCE NEWCO, LLC		
Head office address	400 Campus Drive, Florham Park, NJ 07932, USA		
Name and title of representative	Shionogi Inc.*		
Business description	Marketing of RADICAVA and other businesses		
Date of establishment	2026		
Shareholder and shareholding ratio	Shionogi Inc. 100%		
Number of employees	143		
Relationship with Shionogi	Wholly owned subsidiary of Shionogi Inc.		
<References> Revenue of RADICAVA in the U.S. over the past three years by Tanabe Pharma	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2025
	43,330 million yen	74,713 million yen	94,491 million yen

* This business company was established as a member-managed LLC with a single corporate member (solo member-managed LLC) and is not structured to have an individual serve as its representative.

2. Future prospects

The impact on consolidated performance for the fiscal year ending March 2027 and beyond is currently under review.

(Consolidation of Shionogi-Apnimed Sleep Science, LLC as a Consolidated Subsidiary)

At a meeting of the Board of Directors held on March 23, 2026, Shionogi resolved to make its equity-method affiliate, Shionogi-Apnimed Sleep Science, LLC (hereinafter "SASS"), a consolidated subsidiary, and entered into an equity transfer agreement with Apnimed, Inc. to acquire its equity interest in SASS. Shionogi subsequently acquired the equity interest for 100 million dollars on April 6, 2026.

The impact on consolidated performance for the fiscal year ending March 2027 and beyond is currently under review.

This transaction will be accounted for as an asset purchase, on the basis that an integrated set of acquired activities and assets is not defined as a business under IFRS 3 "Business Combinations."

Non-consolidated Balance Sheets (As of March 31, 2026)

(Millions of yen)

Accounts	FY2025	(Reference) FY2024	Accounts	FY2025	(Reference) FY2024
(Assets)	(1,783,962)	(941,227)	**(Liabilities)**	**(903,452)**	**(149,401)**
Current assets	488,885	522,990	**Current liabilities**	**883,806**	**141,913**
Cash and deposits	173,978	295,684	Accounts payable-trade	9,998	10,148
Accounts receivable-trade	123,932	106,717	Accounts payable-other	85,319	22,970
Short-term investment securities	67,890	46,500	Accrued expenses	7,053	4,452
Merchandise and finished goods	27,768	16,915	Income taxes payable	16,030	13,942
Work in process	15,556	13,084	Deposits received	61,343	54,520
Raw materials and supplies	26,889	26,211	Provision for bonuses	5,866	4,775
Advance payments-trade	1,016	1,340	Provision for directors' bonuses	252	136
Short-term loans receivable from subsidiaries and associates	30,213	3	Short-term borrowings	660,000	—
Other	21,915	16,808	Other	37,942	30,967
Allowance for doubtful accounts	△275	△275	**Non-current liabilities**	**19,645**	**7,487**
Non-current assets	**1,295,076**	**418,237**	Provision for retirement benefits	16,151	6,516
Property, plant and equipment	**110,449**	**78,375**	Asset retirement obligations	2,401	—
Buildings, net	50,260	31,742	Other	1,092	971
Structures, net	1,322	964	**(Net assets)**	**(880,509)**	**(791,825)**
Machinery and equipment, net	19,285	10,674	**Shareholders' equity**	**854,308**	**771,598**
Vehicles, net	9	6	**Capital stock**	**21,279**	**21,279**
Tools, furniture and fixtures, net	9,263	4,876	**Capital surpluses**	**16,452**	**16,392**
Land	26,494	10,302	Legal capital surplus	16,392	16,392
Lease assets, net	713	622	Other capital surplus	59	—
Construction in progress	3,100	19,186	**Retained earnings**	**881,765**	**799,781**
Intangible assets	**54,152**	**12,999**	Legal retained earnings	5,388	5,388
Software	10,225	8,821	Other retained earnings	876,377	794,393
Sales rights	42,887	2,420	Reserve for advanced depreciation of noncurrent assets	2,420	2,508
Other	1,039	1,757	Reserve for the Open Innovation Promotion Tax Program	1,747	1,626
Investments and other assets	**1,130,473**	**326,861**	General reserve	368,645	368,645
Investment securities	74,764	60,461	Retained earnings brought forward	503,564	421,613
Stocks of subsidiaries and affiliates	648,244	160,659	**Treasury stock**	**△65,189**	**△65,855**
Investments in capital of subsidiaries and associates	18,513	11,151	**Valuation and translation adjustments**	**26,035**	**19,980**
Long-term loans receivable from subsidiaries and associates	310,739	590	Valuation difference on available-for-sale securities	25,993	19,994
Long-term prepaid expense	23,459	24,263	Deferred gains or losses on hedges	42	△13
Prepaid pension cost	37,764	36,553	**Subscription rights to shares**	**165**	**246**
Deferred tax assets	14,471	31,126			
Other	2,976	2,350			
Allowance for doubtful accounts	△460	△295			
Total assets	**1,783,962**	**941,227**	**Total liabilities and net assets**	**1,783,962**	**941,227**

Non-consolidated Statements of Income FY2025 (Year ended March 31, 2026)

(Millions of yen)

Accounts	FY2025	(Reference) FY2024
Net sales	**388,503**	**363,309**
Cost of sales	**49,046**	**52,681**
Gross profit, net	**339,456**	**310,628**
Selling, general and administrative expenses	**206,195**	**196,272**
(R&D expenses)	(123,753)	(130,684)
Operating income	**133,261**	**114,356**
Non-operating income	**16,165**	**3,850**
Interest and dividends income	4,441	2,913
Other	11,723	937
Non-operating expenses	**11,111**	**9,063**
Interest expenses	252	83
Other	10,858	8,979
Ordinary income	**138,315**	**109,143**
Extraordinary income	**44,608**	**56**
Gain on bargain purchase	44,608	—
Gain on sale of investment securities	—	56
Extraordinary losses	**21,336**	**1,517**
Loss on valuation of shares of subsidiaries and associates	19,311	—
Loss on valuation of investment securities	1,367	206
Loss on impairment	600	450
Loss on sales of investment securities	57	—
Extra retirement payments	—	860
Income before income taxes	**161,586**	**107,682**
Income taxes-current	29,140	28,233
Income taxes-deferred	△6,437	△7,478
Profit	**138,883**	**86,927**

Non-consolidated Statements of Changes in Net Assets FY2025 (Year ended March 31, 2026)

(Millions of yen)

	Shareholders' equity										Valuation and translation adjustments				
		Capital surplus		Retained earnings											
					Other retained earning										
	Capital stock	Legal capital surplus	Other capital surplus	Legal retained earnings	Reserve for advanced depreciation of noncurrent assets	Reserve for the Open Innovation Promotion Tax Program	General reserve	Retained earnings brought forward	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	Subscription rights to shares	Total net assets
Balance at the beginning of the period	21,279	16,392	―	5,388	2,508	1,626	368,645	421,613	△65,855	771,598	19,994	△13	19,980	246	791,825
Changes of items during period															
Reversal of reserve for advanced depreciation of non-current assets					△88			88		―					―
Reserve for the Open Innovation Promotion Tax Program						259		△259		―					―
Reversal of reserve for the Open Innovation Promotion Tax Program						△137		137		―					―
Dividends of surplus								△56,748		△56,748					△56,748
Net income								138,883		138,883					138,883
Purchase of treasury stock									△5	△5					△5
Disposal of treasury stock			△90						671	580					580
Transfer from retained earnings to capital surplus			150					△150		―					―
Net changes of items other than shareholders' equity											5,999	55	6,054	△80	5,974
Total changes of items during period	―	―	59	―	△88	121	―	81,950	665	82,709	5,999	55	6,054	△80	88,683
Balance at the end of current period	21,279	16,392	59	5,388	2,420	1,747	368,645	503,564	△65,189	854,308	25,993	42	26,035	165	880,509

Notes on Non-consolidated Financial Statements

(Notes on Significant Accounting Policies)

1. Basis and method of valuation of significant assets

(1) Securities

1. Stocks of subsidiaries and affiliates

At cost determined by the moving average method

2. Other securities

(Securities other than stocks, etc. with market value not available)

At fair value (Unrealized gain is charged directly to net assets; cost of sales is accounted for by the moving average method.)

(Stocks, etc. with market value not available)

At cost determined by the moving average method

(Investment in an investment limited partnership or other equivalent partnership (those deemed as securities pursuant to Article 2, Paragraph 2 of Financial Instruments and Exchange Act))

Based on the recent financial statements available according to the settlement report date stipulated in the partnership agreement, the net amount equivalent to equity is recorded.

(2) Assets held in trust for management

Market value method

(3) Derivatives

Market value method

(4) Inventories

Inventories are stated at the lower of cost, determined by the average method, or net selling value.

2. Method of depreciation for noncurrent assets

(1) Property, plant and equipment (excluding lease assets)

Straight-line method

The main useful life is as follows

Buildings:	from 2 years to 50 years
Machinery and equipment:	from 4 years to 17 years

(2) Intangible assets (excluding lease assets)

Straight-line method

Expenditures relating to computer software intended for internal use are amortized over the useful life of the respective assets (in general, 5 years).

(3) Lease assets

For lease transactions not involving transfer of ownership, lease assets are depreciated over their useful lives using the straight-line method until the residual value reaches zero.

3. Basis for providing significant allowances and provisions

(1) Allowance for doubtful accounts

The allowance for doubtful accounts is provided to cover bad debt loss. The amount provided for general receivables is based on the historical rate of bad debts; for certain receivable accounts of considerable risk, the estimated uncollectible amount is provided as an additional allowance after examining specific possibility of collection.

(2) Provision for bonuses

To prepare for payment of bonuses to employees, a provision for bonuses is provided based on the estimated amount of bonuses to be paid.

(3) Provision for directors' bonuses

To prepare for payment of bonuses to directors and corporate auditors, a provision for directors' bonuses is provided based on the estimated amount of bonuses to be paid.

(4) Provision for retirement benefits

To prepare for the payment of retirement benefits to employees, a provision for retirement benefits is provided based on the retirement benefit liabilities accrued and the expected value of the pension plan assets as of the period end.

i) Method of attributing expected benefit to periods

In calculating the retirement benefit obligation, the method of attributing expected benefits to periods up until the end of the fiscal year is based on the benefit formula basis.

ii) Amortization method of actuarial gain or loss and prior service cost

Prior service cost is amortized by the straight-line method over 10 years, which is within the estimated average remaining years of service of the eligible employees.

Actuarial gain or loss is proportionally amortized each year following the year in which the gain or loss is recognized, principally by the straight-line method over 10 years, which is within the estimated average remaining years of service of the eligible employees.

4. Standard for revenue and expense recognition

At the point and time when rights to promised goods and services are transferred to the customer, revenue is recognized based on the amount expected to be received in exchange for the said goods and service.

5. Foreign currency translation

Monetary receivables and payable denominated in foreign currencies are translated into Japanese yen using the spot exchange rate on the balance sheet date. Gain or loss resulting from translation is credited or charged to income.

6. Significant hedge accounting

(1) Method of hedge accounting

Deferred hedge accounting is used.

(2) Hedging instruments and hedged items

・Hedging instruments:

Forward foreign exchange contracts, currency options and interest-rate swaps

・Hedged items:

Foreign currency-denominated claims and obligations, forecast transactions and debt

(3) Hedging policy

The Company enters into forward foreign exchange contracts and uses currency options with the objective of hedging the risk of exchange rate fluctuations in connection with its foreign currency-denominated claims and obligations and forecast transactions. Additionally, the Company also enters into interest-rate swaps with the objective of hedging the risk of interest rate fluctuations relating to its debt.

(4) Methods for evaluating the effectiveness of hedging

The Company evaluates the effectiveness of its hedging practices by comparing the cash flow fluctuations for hedged items and hedging methods and using changes in both as a basis for its evaluation.

(Notes on Changes in Presentation)

(Balance sheets)

"Long-term loans receivable from subsidiaries and associates," which were included in "Other" under investments and other assets in the fiscal year ended March 31, 2025, are now presented separately starting from the fiscal year ended March 31, 2026 because of their increased significance. To reflect this change in presentation, the 590 million yen included in "Other" under investments and other assets on the balance sheets for the fiscal year ended March 31, 2025, has been restated as "long-term loans receivable from subsidiaries and associates."

(Notes on Accounting Estimates)

Fair value measurement of intangible assets identified in connection with acquisition of JT Pharmaceutical Business

Intangible assets acquired in business combinations are recognized at fair value as of the initial acquisition date.

Shionogi, in connection with the acquisition of the JT Pharmaceutical Business, measures royalty income arising from out-licensing agreements with licensees at fair value as an intangible asset, and has recorded 45,532 million yen on its balance sheets. Note that this measurement of fair value is based on provisional accounting treatment since the allocation of purchase price has not been completed.

The fair value of this intangible asset is determined primarily using a valuation technique (the excess earnings method) that employs inputs not based on observable market data, including projected future cash flows and discount rates.

The significant assumption used in this fair value measurement is the forecasts of future sales for each product by the licensees. These sales forecasts are affected by the sales trends in competing products, changes in the competitive environment, and the marketing strategies of the licensees.

These estimates may be affected by changes in the business environment or the competitive landscape, among other factors. If the recoverable amount of intangible assets declines, impairment losses may be recorded.

(Notes on Non-consolidated Balance Sheets)

1. All amounts are rounded down to the nearest million yen.
2. Accumulated depreciation amount of property, plant and equipment 71,614 million yen
3. Guarantee obligations

The Company has provided a guarantee for obligations of the company below.

PeptiStar Inc.	8,990 million yen

(Notes) 1. This is an obligation based on the environmental improvement contract concluded for the program granted by Japan Agency for Medical Research and Development (AMED) as a Cyclic Innovation for Clinical Empowerment (CiCLE) program.

2. Two companies other than the SHIONOGI Group companies jointly provide the guarantee.

4. Short-term credit for subsidiaries and affiliates	428,389 million yen
Short-term debts to subsidiaries and affiliates	128,375 million yen

(Notes on Non-consolidated Statements of Income)

1. All amounts are rounded down to the nearest million yen
2. Transactions with subsidiaries and affiliates

Business transactions	126,302 million yen
Transactions other than business transactions	2,301 million yen

3. Gain on bargain purchase

This was recorded in connection with the business combination of JT Pharmaceutical Business.

4. Impairment loss

This is associated with the changes to distribution license agreements.

(Notes on Non-consolidated Statements of Changes in Net Assets)

Treasury stocks held as of the end of relevant fiscal year (March 31, 2026)

Common stock	29,656,758 shares

(Notes on Tax Effects)

Principal components of deferred tax assets and deferred tax liabilities

Deferred tax assets:		
R&D expenses	42,650	million yen
Loss on valuation of stocks of subsidiaries and affiliates	42,014	million yen
Loss on revaluation of investments in securities	3,050	million yen
Provision for bonuses	1,848	million yen
Accrued enterprise taxes	1,161	million yen
Other	16,075	million yen
Subtotal deferred tax assets	106,800	million yen
Valuation Allowance	△40,982	million yen
Total deferred tax assets	65,817	million yen
Deferred tax liabilities:		
Liability adjustment account	△24,421	million yen
Prepaid pension costs	△11,895	million yen
Unrealized gain on other securities	△11,613	million yen
Reserve for advanced depreciation of property, plant and equipment	△1,112	million yen
Gain on exchange of investments in securities	△994	million yen
Other	△1,307	million yen
Total deferred tax liabilities	△51,345	million yen
Net deferred tax assets	14,471	million yen

(Notes on Related-Party transactions)

1. Subsidiaries and affiliates, etc.

(Millions of yen)

Attribute	Company Name	Rate of ownership of voting	Relationship	Transaction Content	Transaction Amount	Account	Balance at end of current period
Subsidiaries	Shionogi Pharma Co., Ltd.	Directly owned 100%	Contract manufacture of the Company's products Contract testing and analysis	Purchasing[*1]	50,342	Accounts payable	6,129
				Deposit of funds	6,212	Deposit	54,569
				Interest payment[*2]	157	–	–
	Shionogi Inc.	Directly owned 100%	Development service outsourcing Supply of products	Subscription to capital increase	383,275	–	–
	Shionogi B.V.	Directly owned 100%	Development service outsourcing Supply of products	Lending of funds	310,362	Long-term loans receivable	310,362
				Interest received[*2]	–	–	–
	Torii Pharmaceutical Co., Ltd.	Directly owned 100%	Service outsourcing, supply of products	Lending of funds	45,000	Short-term loans receivable	30,000
				Collection of funds	15,000		
				Interest received[*2]	309	–	–
	Shionogi (Hong Kong) Commerce Limited,	Indirectly owned 100%	Product marketing outsourcing	Purchase of subsidiary shares	43,103	Other payables	42,167
Affiliate	ViiV Healthcare Ltd.	Indirectly owned 21.7%	Licensing agreement related to development, manufacturing, and marketing	Receipt of royalty	–	Accounts receivable	76,008

Transaction terms and method of determining transaction terms, etc.

Notes: 1. Price and other transaction terms are determined using a negotiated reasonable price.

2. The interest rate on deposit money and loans receivable is determined by taking into account, among other things, market interest rates.

2. Officers and major individual shareholders, etc.

(Millions of yen)

Type	Name	Ownership percentage of voting rights, etc.	Relationship	Transaction content	Transaction amount	Account	Balance at end of period
Officer	Isao Teshirogi	Owned 0.0% direct	Director of the Company	Disposal of treasury stock along with contribution in kind of monetary compensation receivables [*note]	112	–	–
Officer	John Keller	Owned 0.0% direct	Director of the Company	Disposal of treasury stock along with contribution in kind of monetary compensation receivables [*note]	33	–	–

Transaction terms and the method of determining transaction terms, etc.

Note: This is due to contribution in kind of monetary compensation receivables under the restricted stock compensation plan. Disposal value of treasury stock is determined based on the closing price of the Company's common stock at the Tokyo Stock Exchange on the business day prior to the date of the Board of Directors' resolution concerning the said disposal.

(Notes on Amounts per Share)

1. Net assets per share 1,023.68 yen
2. Earnings per share 161.51 yen
3. Earnings per share (diluted) 161.47 yen

(Notes on Revenue Recognition)

As the same description is provided in Consolidated Financial Statements and Notes on Consolidated Financial Statements (Notes on Revenue Recognition), the notes are omitted here.

(Notes on Business Combinations)

Please refer to the Notes on Business Combinations in Consolidated Financial Statements.

(Notes on Subsequent Events)

Please refer to the Notes on Subsequent Events in Consolidated Financial Statements.

Copy of the Audit Report of Independent Accounting Auditors relating to the Consolidated Financial Statements

Accounting Auditor's Audit Report

May 11, 2026

The Board of Directors
Shionogi & Co., Ltd.

Ernst & Young ShinNihon LLC
Osaka Office

Koichiro Kitaike
Designated and Engagement Partner with limited liability (C.P.A.)

Naoki Nakazawa
Designated and Engagement Partner with limited liability (C.P.A.)

Audit Opinion

Pursuant to Paragraph 4 of Article 444 of the Companies Act, we have audited the consolidated financial statements, more specifically, the consolidated statements of financial position, the consolidated statements of income, the consolidated statements of changes in equity and the notes to the consolidated financial statements of Shionogi & Co., Ltd. (the "Company") for the fiscal term from April 1, 2025 to March 31, 2026.

In our opinion, the consolidated financial statements above present properly, in every material aspect, the financial position and results of operations of Shionogi & Co., Ltd. and its consolidated subsidiaries for the relevant term of the consolidated financial statements prepared while omitting part of disclosure items required by the specified international financial reporting standards pursuant to the provision of the second sentence of Article 120, Paragraph 1 of the Ordinance on Company Accounting.

Basis of Audit Opinion

We carried out the audit in accordance with generally accepted auditing standards in Japan. Our responsibility is described in the auditing standards under “Independent Accounting Auditor’s Responsibility in Auditing Consolidated Financial Statements.” We are independent from the Company and its consolidated subsidiaries in accordance with professional ethical standards (including those applied to audits of the financial statements of entities with significant social influence) in Japan and fulfill other ethical responsibilities as an accounting auditor. We believe that we have obtained sufficient and appropriate audit evidence to support our audit opinion.

Emphasis of matter

As stated in the Notes on Consolidated Financial Statements (Notes on Significant Subsequent Events), the Company resolved at a meeting of its Board of Directors held on December 22, 2025, to enter into an agreement to acquire all global rights, including in Japan and the U.S., to edaravone, a drug developed and marketed by Tanabe Pharma Corporation for the treatment of amyotrophic lateral sclerosis (ALS). The Company completed the transfer of all rights to edaravone in major countries and regions, effective April 1, 2026.

This matter does not affect our opinion.

Other Information

Other Information included refers to the business reports and supporting schedules. Company management is responsible for preparing and disclosing Other Information. The Audit and Supervisory Committee is responsible for monitoring the execution of the directors' duties in establishing and maintaining the reporting processes of Other Information.

Other Information is not included in the scope of Audit Opinion on the consolidated financial statements and

therefore we are not in the position of expressing an opinion on Other Information.
Our responsibility in auditing consolidated financial statements is to read through Other Information and, in the course of reading through, to examine whether there is any significant difference between the contents of Other Information and the consolidated financial statements or knowledge that we have obtained in the course of auditing, as well as to pay attention to any sign of a significant error other than such difference in Other Information.
If we judge based on the actions taken that the contents of Other Information include a significant error, we are required to report such fact.
There are no matters that we should report with regard to Other Information.

Management's Responsibility, the Audit and Supervisory Committee for the Consolidated Financial Statements
Company management is responsible for preparing and appropriately presenting the consolidated financial statements in accordance with the accounting standards that omit part of disclosure items required by the specified international financial reporting standards set forth by the provision of the second sentence of Article 120, Paragraph 1 of the Ordinance on Company Accounting. This responsibility includes establishing and maintaining internal controls deemed necessary by management to prepare and appropriately present the consolidated financial statements without material misstatement due to fraud or error.
In preparing consolidated financial statements, company management is responsible for examining whether it is appropriate to prepare consolidated financial statements based on the premise of a going concern and for disclosing matters relating to the going concern if it is necessary to disclose said matters in accordance with the accounting standards that omit part of disclosure items required by the specified international financial reporting standards set forth by the provision of the second sentence of Article 120, Paragraph 1 of the Ordinance on Company Accounting.
The Audit and Supervisory Committee is responsible for monitoring the execution of the directors' duties in establishing and maintaining financial reporting processes

Independent Accounting Auditor's Responsibility in Auditing Consolidated Financial Statements
The responsibility of an independent accounting auditor is to express an independent opinion on the consolidated financial statements in an audit report based on an audit performed by the independent accounting auditor after obtaining reasonable assurance that the overall consolidated financial statements are free of material misstatement due to fraud or error. Misstatements may arise due to fraud or error and are deemed to be material if they are reasonably expected to affect the decision-making of users of the consolidated financial statements either individually or in aggregate.
The independent accounting auditor performs the following by making decisions as a professional specialist and retaining professional skepticism in the course of audit in accordance with generally accepted auditing standards in Japan.
・Identify and assess risks of material misstatement due to fraud or error. Plan and implement audit procedures that address material misstatement risk. The independent accounting auditor has discretion over the selection and application of audit procedures. In addition, obtain sufficient and appropriate audit evidence that supports the audit opinion.
・The purpose of an audit of consolidated financial statements is not to express an opinion on the effectiveness of internal controls. However, the independent accounting auditor examines internal controls related to audits in the course of conducting risk assessment, in order to plan audit procedures appropriate to the circumstances.
・Examine the appropriateness of accounting policies adopted by management and their method of application, as well as the rationality of accounting estimates made by management and the adequacy of related notes.
・Conclude whether it is appropriate for management to prepare consolidated financial statements based on the premise of a going concern and whether material uncertainty is deemed to exist in relation to events or circumstances in which material doubt about the premise of a going concern is found, based on the audit evidence obtained. If material uncertainty concerning the premise of a going concern is deemed to exist, the independent accounting auditor is required to bring such uncertainty to attention in the notes to consolidated financial statements in the audit report, or to express an opinion with exceptions toward the consolidated financial statements if the notes to consolidated financial statements concerning the material uncertainty are

not appropriate. The conclusion of the independent accounting auditor is based on audit evidence obtained before the audit report date. However, the company may be unable to continue to exist as a going concern depending on future events and circumstances.

・Examine whether the presentation of and notes to the consolidated financial statements are in accordance with the accounting standards that omit part of disclosure items required by the specified international financial reporting standards set forth by the provision of the second sentence of Article 120, Paragraph 1 of the Ordinance on Company Accounting and whether the presentation, composition, and details of the consolidated financial statements including related notes as well as the consolidated financial statements properly present underlying transactions and accounting events.

・In order to obtain sufficient and appropriate audit evidence regarding the financial information of the company and its consolidated subsidiaries, which form the basis for expressing an opinion on the consolidated financial statements, plan and implement audits of consolidated financial statements. We are responsible for the direction, supervision and review of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

The independent accounting auditor reports to the Audit and Supervisory Committee the scope and implementation timing of the planned audit, material audit findings including material deficiencies in internal control identified in the course of audit and other matters required by auditing standards.

The independent accounting auditor reports to the Audit and Supervisory Committee its compliance with regulations relating to professional ethics on independence in Japan, matters reasonably deemed to affect the independence of the independent accounting auditor and the details of measures or safeguards, if any, to remove or reduce to an acceptable level any disincentives.

Interests in the Company

We have no interest in the Company and its consolidated subsidiaries that should be disclosed pursuant to the provisions of the Certified Public Accountants Law.

Copy of the Audit Report of Independent Accounting Auditors

Accounting Auditor's Audit Report

May 11, 2026

The Board of Directors
Shionogi & Co., Ltd.

Ernst & Young ShinNihon LLC
Osaka Office

Koichiro Kitaike
Designated and Engagement Partner with limited liability (C.P.A.)

Naoki Nakazawa
Designated and Engagement Partner with limited liability (C.P.A.)

Audit Opinion

Pursuant to Item 1, Paragraph 2, Article 436 of the Companies Act, we have audited the balance sheets, the statements of income, the statements of changes in net assets and the notes to the financial statements and the supplementary schedule to the foregoing ("financial statements") of Shionogi & Co., Ltd. (the "Company") for the 161st fiscal term from April 1, 2025 to March 31, 2026.

In our opinion, the financial statements above present properly, in every material aspect, the financial position and results of operations for the relevant term of the financial statements in accordance with generally accepted auditing standards in Japan.

Basis of Audit Opinion

We carried out the audit in accordance with generally accepted auditing standards in Japan. Our responsibility is described in the auditing standards under "Independent Accounting Auditor's Responsibility in Auditing Financial Statements." We are independent from the Company and its consolidated subsidiaries in accordance with professional ethical standards (including those applied to audits of the financial statements of entities with significant social influence) in Japan and fulfill other ethical responsibilities as an accounting auditor. We believe that we have obtained sufficient and appropriate audit evidence to support our audit opinion.

Other Information

Other Information included refers to the business reports and supporting schedules. Company management is responsible for preparing and disclosing Other Information. The Audit and Supervisory Committee is responsible for monitoring the execution of the directors' duties in establishing and maintaining the reporting processes of Other Information.

Other Information is not included in the scope of Audit Opinion on the financial statements and therefore we are not in the position of expressing an opinion on Other Information.

Our responsibility in auditing financial statements is to read through Other Information and, in the course of reading through, to examine whether there is any significant difference between the contents of Other Information and the financial statements or knowledge that we have obtained in the course of auditing, as well as to pay attention to any sign of a significant error other than such difference in Other Information.

If we judge based on the actions taken that the contents of Other Information include a significant error, we are required to report such fact.

There are no matters that we should report with regard to Other Information.

Responsibilities of Management, the Audit and Supervisory Committee for the Financial Statements

Company management is responsible for preparing and appropriately presenting the financial statements and the supplementary schedules in accordance with generally accepted accounting standards in Japan. This responsibility includes establishing and maintaining internal controls deemed necessary by management to prepare and present the financial statements and the supplementary schedules without material misstatement due to fraud or error.

In preparing financial statements, company management is responsible for examining whether it is appropriate to prepare financial statements based on the premise of a going concern and for disclosing matters relating to the going concern if it is necessary to disclose said matters in accordance with generally accepted auditing standards in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of the directors' duties in establishing and maintaining financial reporting processes.

Independent Accounting Auditor's Responsibility in Auditing Financial Statements

The responsibility of an independent accounting auditor is to express an independent opinion on the financial statements in an audit report based on an audit performed by the independent accounting auditor after obtaining reasonable assurance that the overall financial statements are free of material misstatement due to fraud or error. Misstatements may arise due to fraud or error and are deemed to be material if they are reasonably expected to affect the decision-making of users of the financial statements either individually or in aggregate.

The independent accounting auditor performs the following by making decisions as a professional specialist and retaining professional skepticism in the course of audit in accordance with generally accepted auditing standards in Japan.

・Identify and assess risks of material misstatement due to fraud or error. Plan and implement audit procedures that address material misstatement risk. The independent accounting auditor has discretion over the selection and application of audit procedures. In addition, obtain sufficient and appropriate audit evidence that supports the audit opinion.

・The purpose of an audit of financial statements is not to express an opinion on the effectiveness of internal controls. However, the independent accounting auditor examines internal controls related to audits in the course of conducting risk assessment, in order to plan audit procedures appropriate to the circumstances.

・Examine the appropriateness of accounting policies adopted by management and their method of application, as well as the rationality of accounting estimates made by management and the adequacy of related notes.

・Conclude whether it is appropriate for management to prepare financial statements based on the premise of a going concern and whether material uncertainty is deemed to exist in relation to events or circumstances in which material doubt about the premise of a going concern is found, based on the audit evidence obtained. If material uncertainty concerning the premise of a going concern is deemed to exist, the independent accounting auditor is required to bring such uncertainty to attention in the notes to financial statements in the audit report or to express an opinion with an exception toward the financial statements if the notes to financial statements concerning the material uncertainty are inappropriate. The conclusion of the independent accounting auditor is based on audit evidence obtained before the audit report date. However, the company may be unable to continue to exist as a going concern depending on future events and circumstances.

・Examine whether the presentation of and notes to the financial statements are in accordance with generally accepted accounting standards in Japan and whether the presentation, composition, and details of the financial statements including related notes as well as the financial statements properly present underlying transactions and accounting events.

The independent accounting auditor reports to the Audit and Supervisory Committee the scope and implementation timing of the planned audit, material audit findings including material deficiencies in internal control identified in the course of audit and other matters required by auditing standards.

The independent accounting auditor reports to the Audit and Supervisory Committee its compliance with regulations relating to professional ethics on independence in Japan, matters reasonably deemed to affect the independence of the independent accounting auditor and the details of measures or safeguards, if any, to remove or reduce to an acceptable level any disincentives.

Interests in the Company

We have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Law.

Copy of Audit Report by the Audit and Supervisory Committee

Audit Report by the Audit and Supervisory Committee

The Audit and Supervisory Committee audited the execution of duties by the directors for the 161st fiscal period, from April 1, 2025 to March 31, 2026. The following is a report of the method and results of the audit.

1. Auditing Method and Details

The Audit and Supervisory Committee received regular reports from directors and employees regarding the details of Board resolutions concerning the matters listed in Article 399-13, paragraph (1), item (i), (b) and (c) of the Companies Act, as well as the state of development and operation of the systems established pursuant to such resolutions (i.e., internal control systems). The Committee requested additional explanations as necessary, expressed its opinion, and conducted audits using the following method.

(1) In accordance with the audit policy and the sharing of duties set forth by the Audit and Supervisory Committee and in collaboration with the Company's internal control division, we attended important meetings, received reports from directors and employees regarding matters related to the execution of their duties, requested additional explanations as necessary, perused important documents on decisions, and investigated the operations and assets at the Company's head office and major operating sites. With respect to the Company's subsidiaries, we communicated with and held opinion exchange meetings with the directors and corporate auditors, etc., of the subsidiaries, and, as required, received reports from the subsidiaries regarding their business.

(2) We monitored and verified whether the Accounting Auditors maintain their independence and conduct the appropriate audit, received reports regarding the execution of their duties from the Accounting Auditors, and requested additional explanations as necessary. We also received notification that the "system to assure appropriate execution of the duties" was established in accordance with the "Quality Control Standards for Audits" and other applicable standards, and requested additional explanations as necessary.

Based on the above method, we reviewed the financial statements (the balance sheets, the statements of income, the statements of changes in net assets and notes on financial statements) as well as the supporting schedules, and the consolidated financial statements (the consolidated statements of financial position, the consolidated statements of income, the consolidated statements of changes in equity and notes on consolidated financial statements) for the relevant fiscal year.

2. Result of Audit

(1) Results of audit on the business reports, etc.

1) The business reports and supporting schedules present properly the Company's affairs in accordance with the related regulations and the Articles of Incorporation of the Company.
2) No improper acts or serious matters in violation of the related regulations or the Articles of Incorporation in the course of execution of the Directors' duties have been observed.
3) The content of the Board of Directors' resolution concerning the internal control system is appropriate. We found no matters requiring additional mention with regard to the details in the business reports or Directors' execution of duties concerning the Company's internal control

system.

(2) Results of audit on the financial statements and supporting schedules

The methods and results of the audit made by Ernst & Young ShinNihon LLC are appropriate.

(3) Results of audit on the consolidated financial statements

The methods and results of the audit made by Ernst & Young ShinNihon LLC are appropriate.

May 12, 2026

Audit and Supervisory Committee,

Shionogi & Co., Ltd.

Audit and Supervisory Committee Members: Yoriko Goto

Audit and Supervisory Committee Members: Shuichi Okuhara

Audit and Supervisory Committee Members: Fumi Takatsuki

Standing Audit and Supervisory Committee Members: Noriyuki Kishida

Standing Audit and Supervisory Committee Members: Koji Hanasaki

(Notes)

1. Audit and Supervisory Committee Members Yoriko Goto, Shuichi Okuhara, and Fumi Takatsuki are outside directors as defined in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.

2. Pursuant to a resolution passed at the 160th Annual General Meeting of Shareholders held on June 18, 2025, the Company transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee. Information regarding the period between April 1, 2025, and the close of the aforementioned General Meeting of Shareholders is based on details provided by the Company’s Board of Corporate Auditors.