SHIONOGI

Shionogi & Co.,Ltd.

Building Innovation Platforms
to Shape the **Future** of Healthcare

SHIONOGI INTEGRATED REPORT 2025

Year ended March 31, 2025

Our Group Philosophy

*SHIONOGI denotes the SHIONOGI Group.

SHIONOGI Group Heritage (The Company Policy of SHIONOGI)

SHIONOGI's purpose

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

For this purpose, SHIONOGI will need to:

Pursue the search for even better medicines.

Produce even better medicines.

Promote awareness of these better medicines to more people so that more people will be able to use these medicines.

Research, produce and promote in an even more economical manner.

For this purpose, SHIONOGI people will need to:

Strive ceaselessly day after day to improve their skills.

Strive ceaselessly day after day to improve as human beings.

As a result, SHIONOGI people will:

Find even greater satisfaction in their daily work and in their daily lives.

Find even greater improvement in the quality of their lives.

Find even greater prosperity in their lives.

(Established on January, 1957)

Our Group Philosophy

SHIONOGI Group Heritage

SHIONOGI Group Heritage (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.

The unwavering purpose of the SHIONOGI Group's corporate activities is expressed in the opening of the SHIONOGI Group Heritage as the image of what SHIONOGI should be and the Company's social existence values.
By accurately ascertaining healthcare needs that are growing more advanced and diverse, we will respond with the most appropriate healthcare solutions surpassing the boundaries of a pharmaceutical company.

SHIONOGI Group Vision

What we want to achieve by 2030

Building Innovation Platforms to Shape the Future of Healthcare

Appearance after Vision is realized

- Continuously creating innovative products/services, with a well-established and rapidly-growing global business
- Continuing to offer solutions to health issues facing society
- Excellent business persons who never take a break from building their expertise and capabilities, leveraging their individual strengths and creating new value

SHIONOGI Group Values

SHIONOGI Group Values

- Be Trustworthy
- Boldness and Innovation
- Play to Win
- Respect for Diversity
- Contribution to Society


To create a society free from worry from the threat of infectious diseases, I work to research and develop pharmaceuticals that better meet social needs.
SHIONOGI
I am leveraging the experience gained through emergency approval of COVID-19 therapeutic drugs to drive global development.
I constantly pursue greater accuracy and quality in the information we provide to healthcare professionals to ensure optimal medical care for patients.
SHIONOGI is now more than ever standing up to the challenges.
I am committed to tackling the global threat of antimicrobial resistance through bold action and collaboration.
I actively encourage a culture of Straight Talking. Open dialogue empowers our colleagues to take on bold challenges and drive progress toward our vision.
I work to ensure that patients receive the antibacterial drugs that are so vital to protecting lives.

Reading Guide / Contents

Reading guide

What is SHIONOGI's Vision?

To achieve the SHIONOGI Group Vision of "Building innovation platforms to shape the future of healthcare," we are accelerating global growth under our Medium-Term Business Plan STS2030 Revision.

▶SHIONOGI's Future P.5

What is the source of drug discovery capabilities that support a high operating profit margin?

SHIONOGI is working to further enhance the diverse strengths it has attained through small-molecule drug discovery research. These efforts are highlighted in the Special Feature that includes a dialogue between researchers engaged in the development of infectious disease drugs.

▶Special Feature P.12

What is governance that seeks continuous enhancement of corporate value globally?

Amid rapid changes in the business environment, SHIONOGI is rethinking its corporate governance structure, including a transition to the format of a company with an Audit and Supervisory Committee. The topic unfolds in an article that includes a dialogue between two directors.

▶ President Isao Teshirogi and Yoriko Goto Dialogue P.63
▶Corporate Governance P.65

What is SHIONOGI's forward-looking policy on investment and finance?

The article referenced below explains SHIONOGI's investment and financial strategy that, taking advantage of a strong financial foundation, actively invests to establish growth drivers and expand target regions by leveraging strengths in infectious diseases, while maintaining returns that let shareholders participate in our growth.

▶Investment and Financial Strategy P.30

How will SHIONOGI strengthen its human capital?

The article referenced below introduces our human capital strategy and specific initiatives aimed at nurturing strong individuals capable of winning against global competition and at building an organization that makes the best use of diverse human resources, while embodying our desired human resources "SHIONOGI Way."

▶Talent Strategy for Building the Future P.26

Contents

Forward-looking statements

This report contains forward-looking statements. These statements are based on expectations in light of the information currently available, assumptions that are subject to risks, and uncertainties which could cause actual results to differ materially from these statements. Risks and uncertainties include general domestic and international economic conditions, such as general industry and market conditions, and changes of interest rates and currency exchange rates. These risks and uncertainties particularly apply to forward-looking statements concerning existing products and those under development. Product risks and uncertainties include, but are not limited to: completion and discontinuation of clinical trials; obtaining regulatory approvals; claims and concerns about product safety and efficacy; technological advances; adverse outcome of important litigation; domestic and foreign healthcare reforms; and changes of laws and regulations.

For existing products, there are also manufacturing and marketing risks, which include, but are not limited to, inability to build manufacturing capacity to meet demand, unavailability of raw materials, and competition with other companies' products. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events, or otherwise. This report contains information on pharmaceuticals (including compounds under development), but this information is not intended to make any representations or advertisements regarding the efficacy of these pharmaceuticals nor provide medical advice of any kind.

Scope of Reporting, etc.

Editorial policy
In order for stakeholders to better understand SHIONOGI's corporate value, we conduct integrated reporting based on integrated thinking.

Period covered
Results for fiscal 2024 (April 1, 2024 to March 31, 2025). Some of the activities after the same period are included.

Target organizations
This report covers 49 Group companies (the Company, 41 consolidated subsidiaries, 5 affiliated companies, and 2 jointly controlled entities). The scope of our environmental activities covers all of Shionogi & Co., Ltd. Business sites and major domestic Group companies, with some indicators also covering major overseas Group companies.

Reference guidelines
IFRS Foundation "International Integrated Reporting Framework," "GRI (Global Reporting Initiative) Sustainability Reporting Standards," "ISO 26000," Ministry of the Environment's "Environmental Reporting Guidelines 2018," and Ministry of Economy, Trade and Industry's "Guidance for Collaborative Value Creation 2.0"

SHIONOGI's Past

1870s-1930s

1878 Founded

Founder Gisaburo Shiono, Sr.

1909 Registered the corporate trademark FUNDOH

FUNDOH from the Edo era

Group brand symbol (From July 2021)

1910 Constructed the Shiono Seiyakusho manufacturing plant

1919 Shiono Gisaburo Shoten and Shiono Seiyakusho merged and reorganized to form Shionogi Shoten Co., Ltd.

1940s-1990s

1943 Renamed the Company Shionogi Seiyaku K.K. (currently, Shionogi & Co., Ltd.)

1957 SHIONOGI's Company Policy (currently, SHIONOGI Group Heritage) established

1963 Establishment of Taiwan Shionogi & Co., Ltd.

1983 Construction of the Kanegasaki Plant

Kanegasaki Plant

1998 Establishment of the SHIONOGI Code of Conduct

2000s

2001 Establishment of Shionogi USA, Inc. (currently, Shionogi Inc.)

2008 Acquisition of Sciele Pharma, Inc. (currently, Shionogi Inc.) in the U.S.

2010s

2011 Acquisition of C&O Pharmaceutical Technology (Holdings) Ltd. in China

2012 Establishment of Shionogi Ltd. (currently, Shionogi B.V.)

2020s

2020 Establishment of Ping An-Shionogi Co., Ltd. (currently Shionogi China Co., Ltd.)

2022 Launch of new corporate brand

2023 STS2030 Revision

2025 Establishment of the New SHIONOGI Group Code of Conduct

Transition to a company with an Audit and Supervisory Committee

First Medium-Term Business Plan (FY2000-FY2004)	Second Medium-Term Business Plan (FY2005-FY2009)	Third Medium-Term Business Plan (FY2010-FY2013)	Fourth Medium-Term Business Plan (FY2014-FY2019)	STS2030 (FY2020-FY2030)
—Establishing a Foundation—	—Accelerating Progress—	—SONG for the Real Growth—	—Shionogi Growth Strategy 2020 (SGS2020)—	—SHIONOGI Transformation Strategy 2030 (STS2030)—

History of Products in Each Product Portfolio

Infectious diseases

1870s-1930s	1940s-1990s	2000s	2010s	2020s
• The syphilis treatment ***Salvarsan***	• The sulfonamide drug ***Shinomin*** • The antiprotozoal agent ***Flagyl*** • The synthetic antibacterial agent ***Baktar*** • The glycopeptide antibiotic ***Vancomycin*** • The oxacephem antibiotic ***Shiomarin*** • The oxacephem antibiotic ***Flumarin*** • The cephem antibiotic ***Flomox***	• The fluoroquinolone antibiotic ***Avelox*** • The carbapenem antibiotic ***Finibax***	• The influenza antiviral drug ***Rapiacta*** • The anti-HIV drug ***Tivicay*** **(dolutegravir)** • The anti-HIV drug ***Triumeq*** • The influenza antiviral drug ***Xofluza***	• The multi-drug resistant Gram-negative bacteria infection treatment ***Fetroja*** **(cefiderocol)** • The long-acting anti-HIV drug ***Cabenuva*** **(cabotegravir + rilpivirine)** • The IgG/IgM antibody test kit for COVID-19 (research reagent) • The COVID-19 treatment ***Xocova*** **(ensitrelvir)**

QOL (Quality of Life) diseases

1870s-1930s	1940s-1990s	2000s	2010s	2020s
• Our first in-house drug, the anti-indigestion ***Antacidin***	• The analgesic ***Sedes*** • The neuropsychiatric agent ***Vegetamin*** • The neuropsychiatric agent ***Novamin*** • The antidepressant ***Surmontil*** • The neuropsychiatric agent ***Wintermin*** • The persistent cancer pain treatment ***MS Contin*** • The sleep aid ***Rhythmy*** • The pain treatment drug ***morphine hydrochloride injection solution Shionogi***	• The anti-allergic ***Claritin*** • The cancer pain analgesic ***OxyContin*** • The hyperlipidemia treatment ***Crestor*** • The cancer pain treatment powder ***Oxinorm*** • The hypertension treatment ***Irbetan*** • The acne vulgaris treatment ***Differin*** • The idiopathic pulmonary fibrosis treatment ***Pirespa***	• The antidepressant drug ***Cymbalta*** • The injectable cancer pain analgesic ***OxiFast*** • The hypertension treatment ***Aimix*** • The postmenopausal vulvar and vaginal atrophy (VVA) treatment ***Osphena*** • The hypertension treatment ***Irtra*** • The allergen immunotherapy ***Actair***	• The thrombocytopenia treatment ***Mulpleta*** • The cancer pain treatment ***Methapain*** • The attention-deficit/hyperactivity disorder treatment ***Intuniv*** • The opioid-induced constipation treatment ***Symproic*** • The attention-deficit/hyperactivity disorder treatment ***Vyvanse*** • The insomnia treatment ***QUVIVIQ***

Healthcare issues addressed by SHIONOGI

Infectious diseases

Pain and central nervous system

Lifestyle-related diseases

QOL diseases

(including obesity, dementia, hearing impairment, pediatric diseases and rare diseases, and sleep disorders)

SHIONOGI's Present

(FY2024)

Unless otherwise specified, global consolidation

Financial

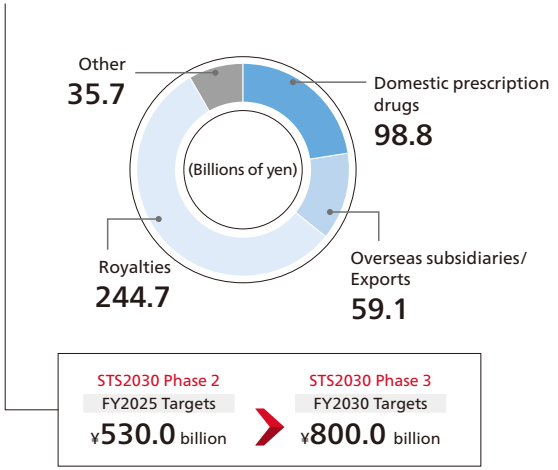
▶Investment and Financial Strategy P.30 ▶Performance (MD&A) P.86

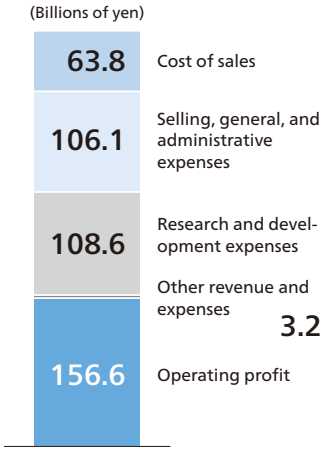
Revenue

¥438.3 billion

Operating profit margin

35.7%





Non-financial

▶Talent Strategy for Building the Future P.26 ▶Protect the Environment P.59

Number of Employees

4,955

(Domestic consolidated companies: 3,675)

Number of female managers

93

(Domestic consolidated companies)

Ratio of female managers

16.4%

(Domestic consolidated companies)

Pool of human resources for future management*1

36

Work engagement score*2

3.52

Education and training expenses per person

¥98 thousand

(Domestic consolidated companies)

GHG emissions (Scope 1 and 2)

23.3% reduction

(compared to fiscal 2019)

Waste plastic recycling rate

36%

(Domestic consolidated companies)

*1 Number of Associate Corporate Officers cumulative over the past five years
*2 Assessed with Utrecht Work Engagement Scale (used to assess the state of actively approaching work and obtaining energy)

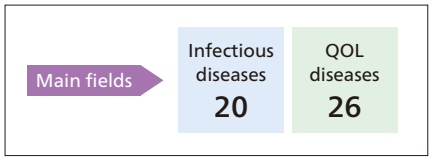
Pipeline

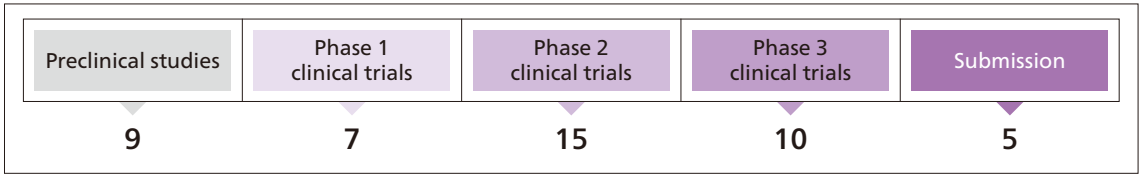
▶SHIONOGI's pipeline to support growth P.41

Number of pipeline products

46

(as of March 31, 2025)





Internally-discovered pipeline ratio

69%

Newly partnered companies in fiscal 2024

7

STS2030 partnerships: 55 (cumulative)

New business*3

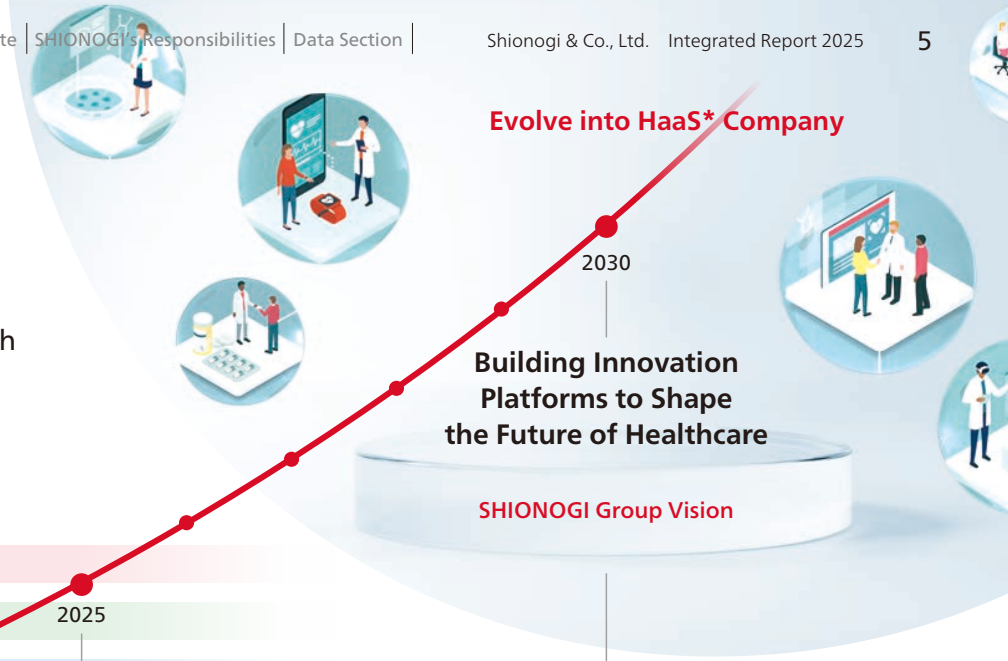
7

(includes items already being provided)

*3 Healthcare solutions other than pharmaceuticals and vaccines

SHIONOGI's Future

SHIONOGI formulated a Medium-Term Business Plan, "Shionogi Transformation Strategy 2030 (STS2030)," and has steadily advanced its initiatives. As the path to the SHIONOGI Group Vision became clearer, we have been accelerating global growth and aiming to realize the Vision since 2023 under the STS2030 Revision.



Evolve into HaaS* Company

2030

Building Innovation Platforms to Shape the Future of Healthcare

SHIONOGI Group Vision

SHIONOGI's Material issues (Materiality) ▶P.17

- Material issues for creating new value for customers and society
- Material issues for contributing to a sustainable society
- Material issues for strengthening the management foundation

2020 2023 2025

STS2030 Revision ▶P.23

Growth from Transformation

STS2030 Phase 1 | STS2030 Phase 2 | STS2030 Phase 3

Main fields

High-impact **infectious diseases** that threaten society

QOL diseases with a high social impact

	FY2024 Results	FY2025 Targets	FY2030 Targets
Revenue	¥438.3 billion	¥530.0 billion	¥800.0 billion
EBITDA	¥179.3 billion	¥196.0 billion	

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

Message from the CEO

Isao Teshirogi, Ph.D.

Representative Director,
President and CEO

We continue to strive for transformation, aiming to become a true global company to realize our SHIONOGI Group Vision.

Review of fiscal 2024 business and progress of STS2030 Revision

In fiscal 2024, the second year of Phase 2 (hereinafter "STS Phase 2") of the Medium-Term Business Plan "SHIONOGI Transformation Strategy 2030 Revision (STS2030 Revision)," we achieved record-high sales and operating profit for the third consecutive year. However, we fell short of the targets announced at the beginning of the year for both metrics. In particular, with regard to the shortfall in operating profit, we received many comments of surprise and disappointment from our investors, given that we had been firmly managing costs and securing profits even during times when revenue was not good. This valuable feedback was reported to the Board of Directors, who discussed it. This served as an opportunity for SHIONOGI to reaffirm the weight of the trust it has built with stakeholders and the difficulty of maintaining it.

The primary reason for this shortfall was our failure to adequately assess the spread of viral acute respiratory infectious diseases prevalent during winter (such as COVID-19 and influenza), which consequently prevented us from responding with thorough cost management. This experience has made us recognize the need to further enhance the precision of management that takes into account uncertainties of the external environment. As the CEO, I will further tighten my resolve and work to tangibly improve our cost capabilities in fiscal 2025, and practice management that earns the trust of all our stakeholders.

Meanwhile, we are steadily advancing various initiatives to achieve STS2030 Revision and establish a foundation for long-term growth. First, I would like to highlight the robust growth of our HIV business, which serves as the foundation of SHIONOGI's business.

New treatment and prevention options centered on long-acting (LAI*) formulations, primarily cabotegravir, are steadily expanding to meet the more fundamental needs of people living with HIV—who want to eliminate the burden and anxiety of daily oral medication, want to live a life without being conscious of HIV, and don't want others to know that they are infected with HIV. Moreover, the shift to treat and prevent HIV with a single injection every two months, rather than oral formulations taken daily, is progressing smoothly. ViiV Healthcare Limited, our U.K.-based partner, has seen LAI formulations penetrate the market faster than anticipated. According to the 2024 financial results of GSK, the parent company

Message from the CEO

of ViiV Healthcare, ViiV Healthcare Limited achieved results significantly exceeding its previously stated target of high single-digit annual growth. Furthermore, development of the integrase inhibitor S-365598/VH184, which SHIONOGI created and licensed to ViiV Healthcare Limited, is steadily progressing as a growth driver for the next generation of medicines. This compound has the potential to complete treatment with just one dose every six months and is expected to become a key drug supporting the long-term growth of our HIV business. S-365598/VH184 has already demonstrated significant efficacy and favorable safety and tolerability in a Phase 2a trial. These achievements are a result of our drug discovery capabilities and close collaboration with ViiV Healthcare Limited, and we expect to maintain a solid management foundation beyond 2030.

* Long Acting Injectable

As for our overseas business, we have steadily grown cefiderocol sales, primarily in Europe and the U.S., by accumulating real-world evidence and promoting appropriate use. In addition to expanding sales areas in the U.S. and increasing the number of European countries where our products are sold by partnering with Sobi, our expansion into regions outside the U.S. and Europe is also progressing smoothly. Furthermore, in China, where unmet needs for cefiderocol are assumed to be high, we will leverage the drug's launch in fiscal 2025 in that market to accelerate our shift to the new drug business. Regarding our China business, we dissolved our joint venture with Ping An Insurance (Group) Company of China Ltd. and launched a new start as Shionogi China Co., Ltd. in April 2025. We will substantively shift our business from conventional generic drugs to new drugs, strengthening our systems to offer patients new drugs, such as cefiderocol and naldemedine.

Regarding our domestic business, sales of acute respiratory infectious disease treatments, including *Xocova* and *Xofluza*, fell short of initial targets. However, despite an extremely low incidence of COVID-19 this past winter, having two distinct acute respiratory infectious disease treatments—for COVID-19 and influenza—helped us achieve stable performance throughout the year, as we did in fiscal 2023, regardless of the prevalence of a specific virus. This result further solidified our confidence in building a new business model for acute respiratory infectious diseases that stabilizes revenue by offering treatments for multiple types of viruses and bacteria.

Additionally, with respect to QOL diseases with high social impact, we began domestic sales of the insomnia treatment drug *Quviviq*. This effort serves as a crucial test case for our global expansion into the QOL disease field, which will become a main field alongside the infectious disease field. By adding sales of the antidepressant zuranolone, scheduled for regulatory approval in fiscal 2025, we will steadily build our domestic track record and firmly strengthen our foundation in the QOL disease field.

In addition to these current sales efforts, we are also steadily developing our medium- to long-term growth drivers.

In the infectious disease area, we are accelerating development of S-337395, an oral antiviral candidate for RSV infection, to further strengthen our acute respiratory infectious disease business. This candidate achieved its primary endpoint in a Phase 2a trial, and preparations for initiating late-stage clinical trials are progressing smoothly. In addition, to stabilize the revenue of our acute respiratory infectious disease business, it is also important that we increase the number of countries where we sell our products and reduce dependence on regional outbreaks. *Xocova* (ensitrelvir), a drug we are expanding globally, has demonstrated favorable results in prophylaxis studies. We have completed submissions for preventive use in the U.S. and for both treatment and post-exposure prophylaxis in Europe, marking a significant step toward building a more stable business model.

Furthermore, in the development of S-892216, a next-generation antiviral drug for COVID-19, we are pursuing the acquisition of indication for treatment for an oral formulation. Simultaneously, we are advancing development of an LAI formulation that, when administered prior to infection, prevents viral infection for an extended period (several months).* With the need to prevent infection—both for oneself and others—ever-present in medical settings and nursing facilities, we are accelerating development to rapidly realize LAI formulations as an unprecedented new solution for preventing infection. Such preventive use will be less susceptible to epidemic impacts and is expected to generate stable demand. By expanding the types of treatments we offer and our geographic reach, while also pursuing new approaches that meet societal needs, we are accelerating the further stabilization of our acute respiratory infectious disease business.

* Funded in whole or in part with federal funds from the Department of Health and Human Services; Administration for Strategic Preparedness and Response (ASPR); Biomedical Advanced Research and Development Authority (BARDA), under Other Transaction Number: 75A50123D00005

In the QOL disease area, we made significant progress in developing new treatment candidates. This includes a treatment candidate for sleep apnea syndrome, as well as zatolmilast for Fragile X syndrome and another candidate for Pompe disease, both targeting rare pediatric conditions. Our goal is to establish a second strong franchise in the QOL disease area while maintaining the robust franchise we have built in the infectious disease area. We currently target multiple disease areas including sleep disorders, hearing loss, obesity, rare pediatric diseases, and immunology/allergies. Yet going forward, we plan to identify from

Changes to KPIs in "STS2030 Revision Phase 2"

	FY2024 (Results)	FY2025 (Previous Targets*2)	FY2025 (New Targets)
Revenue	438.3 billion yen	550.0 billion yen	530.0 billion yen
EBITDA	179.3 billion yen	200.0 billion yen	196.0 billion yen
Overseas sales CAGR*1 (Starting from FY2022)	17.9%	50%	Reviewed the growth plan Consequently, we plan to reset our KPIs to align with anticipated growth in the coming fiscal years

*1 CAGR (Compound Annual Growth Rate)
*2 Announced in June 2023

among these areas those where we can best leverage our strengths, and select and concentrate our focus to further accelerate research and development.

While various efforts to achieve STS Phase 2 are progressing smoothly, the global expansion of ensitrelvir, one of our key growth pillars, is slightly behind initial projections. However, as mentioned earlier, since we have already filed approval applications for ensitrelvir in the U.S. and Europe, we expect it to contribute to revenue in fiscal 2026. Therefore, how to approach management beyond fiscal 2026 has become a critical topic for SHIONOGI today. Naturally, as a prerequisite, how we manage fiscal 2025 will be a crucial point in considering future growth. We revised our key performance indicators (KPIs) for fiscal 2025 based on the current situation. We adjusted our revenue target from 550 billion yen to 530 billion yen and our EBITDA target from 200 billion yen to 196 billion yen. These adjustments do not signify a loss of growth opportunities. Rather, it is a recalibration based on the future global expansion of ensitrelvir, the restructuring of our China business, and the execution of M&A. We view these decisions positively as a step to further secure sustainable growth.

Accelerating efforts to realize the SHIONOGI Group Vision

To realize our Vision (SHIONOGI Group Vision) for 2030, Building Innovation Platforms to Shape the Future of Healthcare, we are further evolving our strengths as a drug discovery-based pharmaceutical company and, while not being limited to providing pharmaceuticals, we are also working to transform into a HaaS company that provides various healthcare services according to our customers' needs.

In STS Phase 2, we are advancing various initiatives based on our basic policy to grow the global top-line, primarily in the infectious disease area, and develop growth drivers through proactive investment. As part of this growth strategy, in fiscal 2025, we completed the M&A of Japan Tobacco (hereinafter "JT") Group's Pharmaceutical Division. We position this M&A as a major transformation and growth opportunity aimed at realizing the SHIONOGI Group Vision, as well as sustainable growth beyond that.

Strategic M&A to strengthen in-house drug discovery capabilities and establish our business in the QOL disease area

On May 7, 2025, SHIONOGI announced the absorption-type split of JT Pharmaceutical Division and a tender offer for shares of Torii Pharmaceutical Co., Ltd. (hereinafter "Torii Pharmaceutical"). With the tender offer completed, Torii Pharmaceutical joined the SHIONOGI Group on September 1, and we plan to formally welcome JT Pharmaceutical Division and JT's U.S. group company Akros Pharma Inc. (hereinafter "Akros") on December 1. I believe these moves will not only realize SHIONOGI's sustainable growth but also serve as a crucial step toward strengthening Japan's pharmaceutical drug discovery capabilities. I embrace this challenge with great dreams and hopes.

Growth strategy supported by a stable business foundation

In the background of SHIONOGI's largest-ever M&A transaction lies what is arguably the business foundation of our Company, the HIV business. It has continued to steadily grow under our partnership with ViiV Healthcare Limited and has reinforced our confidence to sustain growth beyond 2030.

For pharmaceutical companies, the greatest challenge threatening business continuity is the so-called "patent cliff"—the sharp decline in sales and profit that occurs when the patent term, or exclusive sales period, for main products expire.

Since 2016, SHIONOGI has successfully navigated the patent cliff for *Crestor*, the cholesterol lowering drug, by leveraging the growth of dolutegravir-related products, an oral anti-HIV drug. We are now planning to overcome the expected patent cliff for dolutegravir around 2028 by expanding our portfolio of LAI formulations, centered on cabotegravir, to meet the significant needs of people living with HIV. Based on this stable medium- to long-term business foundation, we have determined that now is the time to advance to the next stage of growth.

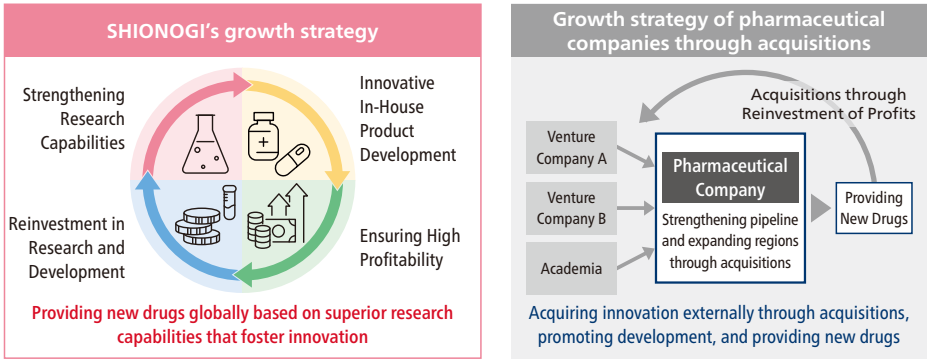
Further strengthening in-house drug discovery capabilities

Our M&As this time have two main objectives. The first objective is to enhance our in-house drug discovery capabilities, which can be considered the wellspring of the pharmaceutical business. Positioning drug discovery as the core of its corporate activities, SHIONOGI has pursued over many years a unified value-creation model: research, produce, and promote. We believe that the ability to continue discovering new drugs in-house is paramount to achieving sustainable growth.

While many pharmaceutical companies would ideally like their growth to be centered on internally-discovered products, as the companies expand in scale, they tend to rely on acquiring outside products and pipelines. Once caught in this cycle, returning to in-house

Message from the CEO

SHIONOGI's Unique Growth Strategy



drug discovery is not easy, and as a result, it is not uncommon for companies to have difficulty stabilizing revenue after patents for their main products expire.

To date, SHIONOGI has achieved steady growth with internally-discovered products at the core. We are especially confident about our drug discovery capabilities in the small-molecule area. Centered on the infectious disease area, all of the main products supporting the Company today—from anti-HIV drugs dolutegravir and cabotegravir, to influenza treatment *Xofluza*, COVID-19 treatment *Xocova*, and cefiderocol for multidrug-resistant bacteria—are small-molecule pharmaceuticals that were discovered in-house. We are further honing this strength to become the world's leading pharmaceutical company in small-molecule drug discovery. However, drug discovery is becoming increasingly difficult year by year, and the research resources required to produce a single new drug are increasing. In particular, securing medicinal chemists (drug discovery chemical researchers) responsible for chemical synthesis is essential to extend our strengths in small-molecule drug discovery—which we cultivated in the infectious disease area—to the QOL disease area. Globally, the number of researchers in this field is declining, so the acquisition of top human resources was a critical issue for our future growth. To overcome this issue, our merger with the JT Group's pharmaceutical business was truly the ideal choice. The JT pharmaceutical business has an outstanding track record in small-molecule drug discovery and employs many experienced medicinal chemists who underpin this success. It also boasts strengths in drug discovery platform technologies, starting with digital platforms, including AI. We will leverage AI to identify drug-discovery targets and improve compound profile predictions, and on top of that, we will enhance the quality and speed of the drug discovery cycle and further strengthen our in-house discovery pipeline with the medicinal chemists from both companies synthesizing high-quality compounds.

Through this merger, we will deliver innovative pharmaceuticals originating in Japan to patients worldwide and contribute to resolving unmet needs.

Building the foundation to establish our business in the QOL disease area

The second objective is to accelerate efforts to establish our business in the QOL disease area. We recognize that SHIONOGI now possesses world-class R&D capabilities in the infectious disease area because we have built a system that unifies research, development, manufacturing, and marketing. But pharmaceutical R&D does not conclude with product launch. Rather, by understanding patients' experiences with the product and potential needs gathered from healthcare settings post-launch, we can leverage these insights for the next drug discovery and life cycle management strategy.

SHIONOGI is currently building a highly attractive development pipeline by engaging in R&D that anticipates future unmet needs in areas such as sleep disorders, hearing impairment, obesity, rare pediatric diseases, and immunology/allergies. To further accelerate these efforts and establish a system that is as globally competitive as our infectious disease area, we must strengthen our sales system for QOL diseases. In this regard, adding Torii Pharmaceutical—which already possesses a robust domestic presence in the allergen and dermatology areas—to the SHIONOGI Group will significantly help us build a foundation in the QOL disease area. By fusing Torii Pharmaceutical's extensive product portfolio and sales capabilities with SHIONOGI's, we expect to establish our business in the QOL disease area in Japan while also substantially contributing to the further growth of our business. The QOL disease area represents a key pillar supporting our growth heading into 2030 and 2040. We will first establish a solid foundation in Japan and then aggressively pursue global expansion.

These M&As represent SHIONOGI's commitment to achieving sustainable growth centered on internally-discovered products—a strategy exceptionally rare even on a global scale. As we are working to overcome multiple major patent cliffs by expanding our lineup of internally-discovered products, we believe these moves align with our way forward. We will further hone our strengths as a drug discovery-based pharmaceutical company and attempt to evolve our business model by returning to the basics of pharmaceutical companies: in-house drug discovery.

The two types of PMI that further strengthen companies

There is no question that the execution of Post-Merger Integration (PMI) is crucial to the success of M&A transactions. SHIONOGI is currently advancing PMI initiatives to integrate JT's pharmaceutical businesses: Torii Pharmaceutical and Akros.

Message from the CEO

Shortly after becoming president in 2008, I myself experienced how challenging PMI can be when we acquired a U.S. company. At the time, it was a strategic decision based on the anticipated approvals of multiple late-stage development products. However, it resulted in business operations being significantly disrupted by multiple development failures and inadequate organizational integration. Looking back, it is clear that the necessary systems, experience, know-how, and capabilities for PMI were insufficient. The most valuable lesson I learned from this experience is that people are the most important element in PMI. Even if the pairing is ideal in theory, it is the people who actually drive the merger forward. Without a shared sense of purpose and common values, the merger will not succeed. It is essential for the Company driving the merger to demonstrate a clear vision and philosophy, and continuously convey the message: We want you to gather under our flag. And now, I believe, is the time to calmly assess whether SHIONOGI is truly prepared to succeed in PMI. Of course, the integration process is a race against time, and we cannot afford to pause even for a moment. However, with our goal clearly defined, we must deeply consider what should be integrated and how. Therefore, another PMI that SHIONOGI must undertake is Pre-Merger Integrity (self-assessment before integrating). This does not mean imposing SHIONOGI's methods, but rather, re-examining whether the purpose and processes of each person's work are truly evolving for the better, and whether they can be considered best practices from an external perspective. We are advancing these efforts by issuing a company-wide directive.

SHIONOGI's basic policy—to strive constantly to supply the best possible medicine (healthcare solutions) to protect the health and wellbeing of the patients we serve—is one we are confident will resonate with healthcare companies worldwide, starting with JT's pharmaceutical businesses: Torii Pharmaceutical and Akros. However, realizing our policy requires each employee to adopt a mindset that repeatedly asks, What is the purpose of my work? Is my approach truly the best practice? We believe this very mindset forms the bedrock for achieving true integration. SHIONOGI will grow even stronger and more resilient as a pharmaceutical company by executing both types of PMI (Post-Merger Integration & Pre-Merger Integrity) to ensure that the M&As are successful with the support of all stakeholders—including shareholders and investors, employees, customers, and society.

Strengthening our management foundation to accelerate transformation

SHIONOGI is accelerating the transformation of its organizational, operational, and governance structures in anticipation of the globalization and expansion of its business. Specifically, we are establishing global foundations for key functions, such as Human Resources, Finance, and IT, with the creation of global positions and the establishment of reporting lines at the core of this effort. This initiative will bring us significantly closer to implementing, across regions, the decision-making process we have cultivated primarily in Japan—namely, a mechanism to make decisions that account for the long-term impact on the entire Group without being bound by fixed notions (i.e., not making decisions solely based on monetary criteria or formal rules). Moreover, investment in IT will serve as an important pillar supporting this transformation. We are standardizing our business, which includes business processes and building a global IT infrastructure, while also working to establish a foundation that enables efficient and timely access to management information. We will enhance the quality and speed of decision-making, by visualizing and using data and information, to drive globalization. To support these efforts, we are also strengthening our governance structure. In June 2025, we transitioned to a company with an Audit and Supervisory Committee, and are working on further enhancing the quality of our management.

To our stakeholders

To realize the SHIONOGI Group Vision, we are strongly advancing our transformation into a global company that contributes to the health of patients worldwide. Our purpose is to remain a company that truly contributes to society. To this end, we recognize that it is essential to remain a trusted partner for all our stakeholders.

The Company positions compliance, DE&I, and human capital as items of value underpinning its corporate activities. Thorough compliance, in particular, is an indispensable element for achieving sustainable growth. In fiscal 2024, there was a case where information provided for certain products was deemed inadequate in terms of industry conduct standards. We have taken this case seriously and are reforming our systems as well as our mindsets to prevent recurrence. Compliance is not the responsibility of a single department, but rather, a value that all employees must share and practice in their daily work. We are committed to creating an environment where each individual can act with pride and responsibility. We will earnestly strive to meet your expectations and remain a company worthy of your trust by having transparent corporate activities.

Exterior of GRAND GREEN OSAKA (Osaka, Osaka Prefecture), future home of SHIONOGI's head office.
In November 2025, SHIONOGI will relocate its head office from Doshomachi, the area where the Company was founded. The new location in front of Osaka Station offers an office environment and head office functions suited to a global base for the Company.

SHIONOGI's Strategies and Endeavors

SHIONOGI aims for sustainable growth by discerning the risks and opportunities present in a dramatically changing business environment. This section communicates SHIONOGI's endeavors, including our actions to address material issues (materiality), progress and strategic investments under Medium-Term Business Plan STS2030, and initiatives to support the growth of human resources, while presenting an overall depiction of value creation based on the Company's corporate philosophy.

Special Feature

SHIONOGI's Strengths in Drug Discovery

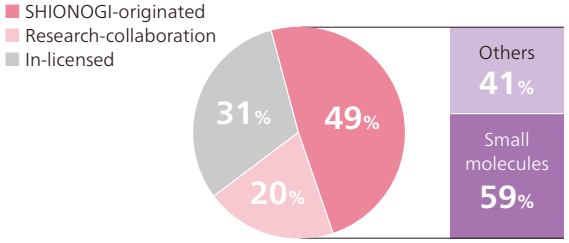
The pharmaceutical industry has shifted to a business model where mega pharma companies accelerate new drug development by acquiring innovation through a series of large-scale acquisitions. SHIONOGI, however, takes a different path. SHIONOGI pursues a model that ensures high profitability through innovative pharmaceuticals created in-house and continuously strengthens its R&D capabilities by reinvesting those profits back into research and development. This virtuous cycle of delivering new drugs globally based on excellent R&D capabilities has enabled us to maintain an operating profit margin of over 30% for the past nine years. This special feature introduces key aspects of these sources of drug discovery along with concrete achievements.

SHIONOGI's small-molecule drug discovery

SHIONOGI possesses strong in-house drug discovery capabilities, with small-molecule drug discovery being particularly outstanding. As of March 2025, internally-discovered products account for 69% of our development pipeline, with approximately 60% of those being small-molecule drugs. While the pharmaceutical industry shifts toward biologics such as antibody drugs, SHIONOGI deliberately continues to focus on small-molecule drugs as our core. Small-molecule drugs offer the advantage of accessing intracellular targets and penetrating areas like the brain, making them effective across a wide range of disease domains. They also provide high convenience through formulations like tablets and inhalants, and their relatively established manufacturing processes enable affordable pricing, resulting in economical healthcare. These characteristics make them highly compatible with infectious diseases and QOL (Quality of Life) diseases.

Committed to in-house small-molecule drug discovery to meet social needs

SHIONOGI has an internally-discovered pipeline ratio* of 69% with approximately 60% of these being small molecules



The benefits of small molecules

A wide range of drug discovery targets
- Approaches to intracellular targets

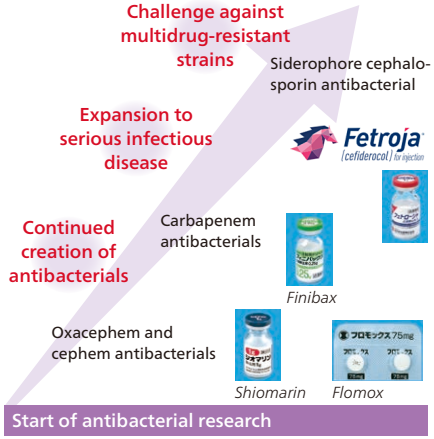
High convenience
- Oral administration capability

Excellent cost-effectiveness
- Affordable pricing

* The proportion of in-house origin compounds in the development pipeline as of March 2025 (including development candidates and results from joint research with partners)

SHIONOGI has discovered numerous innovative drugs, primarily in the infectious disease domain. In antiviral drugs, we have leveraged the viral research foundation built through HIV drug discovery research to develop innovative anti-HIV drugs such as *Tivicay* (dolutegravir) and *Cabenuva* (cabotegravir). Subsequently, we developed the influenza treatment *Xofluza* and the COVID-19 treatment *Xocova* in our own laboratories. In antibacterials, based on years of accumulated basic research, we have launched numerous internally-discovered products including the oxacephem-based *Shiomarin* and the carbapenem-based *Finibax*. In recent years, we have also contributed to combating drug resistance through the development of *Fetroja*, which is effective against multidrug-resistant bacteria.

These achievements clearly demonstrate SHIONOGI's technical capabilities in small-molecule drug discovery, development speed, and the strength of our consistent management system.



Special Feature
SHIONOGI's Strengths in Drug Discovery

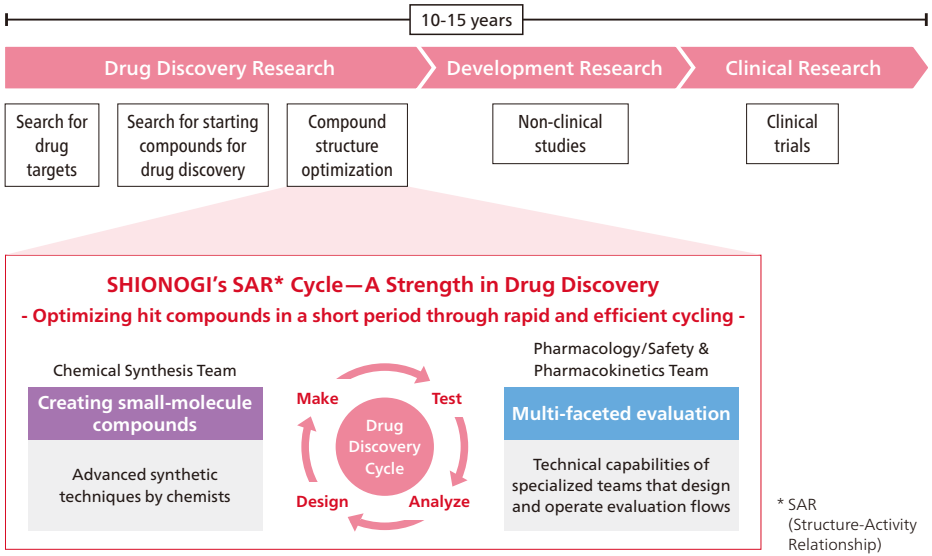
Strengths of SHIONOGI's drug discovery research

SHIONOGI's ability to continuously create innovative new drugs is backed by a variety of strengths in drug discovery research, which further expand the breadth and depth of its research. Examples are listed below.

● Small-molecule drug discovery engine

We have established a system that enables rapid and efficient optimization of seed compounds and creation of development candidate compounds by circulating the process from design and synthesis of small molecule compounds to multifaceted evaluation and quick feedback. This cycle is supported by the excellent synthesis techniques of medicinal chemists, the extensive expertise of specialized teams overseeing the evaluation flow, and a consistent management system for program progress. By continuously refining these elements, we have built a drug discovery capability that is difficult for other companies to replicate.

Overview of pharmaceutical R&D flow



* SAR (Structure-Activity Relationship)

● Ability to rapidly and boldly deploy resources based on disease needs

Through the creation of *Xocova* during the COVID-19 pandemic, we have established in-house processes that allow bold resource shifts and acceleration of non-clinical studies and clinical trials. Starting by identifying disease needs that accurately capture social and medical impact, we rapidly allocate resources to necessary areas, contributing to faster discovery of next-generation candidate compounds.

● Integrated drug discovery platform including manufacturing and marketing

Through a system that consistently gathers all information from research and development through to in-house manufacturing and market deployment, we immediately reflect provider and patient feedback, identifying the actual needs from medical settings after product launch and feeding this knowledge into the drug discovery cycle. This direct connection to real-world voices accelerates practical innovation.

● Ability to collaborate and partner with external organizations

We strategically collaborate with a variety of partners including universities, research institutions, venture capital groups, biotech companies, and other pharmaceutical firms, leveraging each other's technologies and expertise. By utilizing flexible collaboration models such as joint research and joint ventures, we accelerate drug discovery and development innovation in various disease areas.

By organically integrating these strengths, SHIONOGI has established remarkable drug discovery capabilities that surpass other companies in the process of optimizing seed compounds into development candidates.

Future direction

Going forward, we aim to further refine these strengths and expand into QOL diseases, creating and globally providing innovative new drugs. In the QOL disease area, it is essential to deepen disease knowledge and to conduct translational studies to improve clinical success rates. These efforts will be further strengthened through external collaborations and the M&A of the JT Group's pharmaceutical business announced in May 2025. By continuing to create innovative new drugs in both infectious and QOL disease areas, we will expand our sales scale while maintaining high profitability and bringing healthcare solutions to more patients.

Special Feature
SHIONOGI's Strengths in Drug Discovery

Building on our in-house drug discovery capabilities to meet society's needs

From the anti-HIV drug *Tivicay* (dolutegravir) to the COVID-19 treatment *Xocova* (ensitrelvir) - the birth of these breakthrough drugs was powered by SHIONOGI's advanced technical expertise, its continuous evolution, and a corporate culture that embraces cross-departmental collaboration. Two researchers who led the development share insights into the true value of our drug discovery capabilities in fighting infectious diseases.

Please also see the SHIONOGI Journal

Takashi Kawasuji, Ph.D.
Principal Researcher
Drug Discovery Research Division

Shota Uehara, Ph.D.
Researcher
Laboratory for Medicinal Chemistry Research

The dedicated efforts of medicinal chemists behind anti-HIV drug dolutegravir

Kawasuji joined SHIONOGI in 1994 as a medicinal chemist (drug discovery chemistry researcher). He participated in the HIV drug discovery project and has dedicated the past 20 years to anti-HIV drug research and development.

Kawasuji When I started, SHIONOGI was already working on HIV drug discovery. At a time when the severity of HIV wasn't fully recognized, I remember feeling proud to be part of a project that had begun basic research with the conviction to deliver medicine to patients. While my specialty was organic synthetic chemistry and I had limited knowledge of viruses, SHIONOGI's culture of cross-disciplinary learning in pharmacology, pharmacokinetics, safety, and other fields supported me as I embarked on this unknown challenge. Unraveling the mechanisms of viruses was truly fascinating, and the knowledge I gained then remains invaluable to me today.

Other companies had already developed drugs targeting protease and reverse transcriptase, but HIV is a virus that mutates very easily and develops resistance readily. Predicting the need for drugs with different mechanisms of action, SHIONOGI focused on integrase inhibitors. From approximately 50,000 compounds in our library, we identified hit compounds (starting points for drug discovery) through six months of screening.

Overcoming adversity with the drive to create even better medicine

Kawasuji Through repeated structural optimization, we finally advanced to clinical trials as the world's first integrase inhibitor. Although the Phase 2 trial was discontinued, this led to joint research with GSK. Right after discovering a promising new compound, we received news that another company would launch a similar drug, which honestly shook us.

Still, that's what researchers do - we keep pursuing something even better. We continued our parallel search for compounds with higher efficacy and safety. The result was dolutegravir. Combining high efficacy with making resistance to drugs less likely to develop, it's still used worldwide as a standard treatment today. Being able to help so many patients is my greatest source of pride.

Computational chemistry paved the way for COVID-19 treatment ensitrelvir

Uehara joined SHIONOGI in 2017, working on computational chemistry-based drug discovery research. In the rapid development of COVID-19 treatment ensitrelvir, he contributed through his specialty of virtual screening.

Uehara New drug development typically takes about ten years. In contrast, ensitrelvir achieved domestic emergency approval in just 2 years and 5 months. One key factor enabling this rapid development was a technology called virtual screening. Finding new hit compounds isn't easy - obtaining reliable hit compounds from large-scale screening requires long periods and extensive resources. Virtual screening uses computer simulation to replace this difficult work at ultra-high speed.

Past computer simulations lacked sufficient accuracy and often failed to deliver expected results. However, recent advances in computer performance and scientific technology have made large-scale, high-precision simulations possible, and I feel we have entered an era where computational chemistry can truly contribute to drug discovery.

Special Feature

SHIONOGI's Strengths in Drug Discovery

Ensitrelvir research became a major turning point where SHIONOGI's accumulated computational chemistry technology successfully delivered medicine to patients.

Kawasuji By continuously refining our technology since the early days of computational chemistry, we were able to achieve success during the pandemic when it was needed most.

Uehara In addition, SHIONOGI's research structure—where team members with diverse expertise work together—was a major factor in our success. Even our computational chemistry specialists don't just work with computers in isolation; they engage in daily discussions with team members about what's needed to create new medicines, approaching drug discovery collaboratively.

Combining simulation and synthesis technologies for rapid drug discovery

Uehara We targeted 3CL protease, an enzyme essential for novel coronavirus replication, and tackled virtual screening of SHIONOGI's compound library. Thanks to our predecessors who synthesized and stored compounds in our library, and the fact that 3CL protease's three-dimensional structure was registered immediately after COVID-19 reports, we were able to narrow down valuable hit compound candidates from just a few days of computation.

Kawasuji Actually, we were the ones who promoted the idea of making it a rule to register compounds synthesized by medicinal chemists in the library. We considered compounds created at SHIONOGI as assets and systematized the registration process about 20 years ago, but never imagined it would prove this valuable.

Uehara Since we found hit compounds with chemical structures previously researched at SHIONOGI, we had accumulated data on synthesis methods and properties, giving us an overwhelming advantage at the research starting point. Virtual screening has the potential to dramatically transform how drug discovery works.

Kawasuji Starting with compounds identified through simulation, we skillfully optimize their structures in SHIONOGI's research laboratories. The synthetic capabilities of our medicinal chemists, who can synthesize even highly challenging compounds, will continue to support our high internally-discovered pipeline ratio.

Contributing to treatment optimization through understanding patient needs and next-generation technology

Kawasuji As research progressed, I began to see the suffering of HIV patients around the world. Being reminded of their infection every time they take medication, worrying about being discovered if someone sees their pills - when pharmaceutical companies understand patient needs and concerns, treatments and even treatment methods become optimized. The long-acting injectable currently in development will significantly reduce patient anxiety.

Uehara Our computational chemistry team is applying ensitrelvir's success to future drug discovery, establishing virtual screening systems that can rapidly identify hit compounds for any target. However, systems alone are meaningless. They only work because we have excellent medicinal chemists who can synthesize compounds based on simulation results.

Additionally, SHIONOGI has recently begun addressing disease areas like hearing impairment and sleep disorders that deeply affect quality of life (QOL). We are expanding computational chemistry-based drug discovery approaches to QOL diseases where various factors interact in complex ways.

Kawasuji I find it reassuring to see the next generation like Uehara developing. I can confidently entrust SHIONOGI's future to them.

Behind every new drug sent out to the world lie countless processes. Creating candidate compounds with our own hands, nurturing them, and connecting them to products—his consistent approach to drug discovery is the source of SHIONOGI's high internally-discovered pipeline ratio and research speed. Today, that solid technology and spirit are being firmly passed on to the next generation. Future drug discovery will evolve to be faster and deeper still.

Takashi Kawasuji

Joined Shionogi & Co., Ltd. in 1994. Ph.D. in Pharmaceutical Sciences. Devoted efforts to creating the anti-HIV drug dolutegravir, currently serves as Principal Researcher. A leading drug discovery researcher with numerous domestic and international awards including the Heroes of Chemistry Award and the Imperial Invention Prize. Has led infectious disease drug discovery for many years and is highly regarded both within and outside the Company.

Shota Uehara

Joined Shionogi & Co., Ltd. in 2017. Ph.D. in Computational Science. Contributed to the discovery of COVID-19 treatment ensitrelvir. Winner of awards including the Breakthrough Award, Division of Medicinal Chemistry, Pharmaceutical Society of Japan and the Pharmaceutical Society of Japan Award for Drug Research and Development, a researcher leading next-generation drug discovery. Achieves rapid new drug development through molecular design using computational chemistry.

Creating the Value Called Health 1 Risks and Opportunities

SHIONOGI analyzed and assessed its risks and opportunities based on changes in the internal and external environments and its time frame, identified the material issues (Materiality) that must be addressed in the long term, and developed STS2030 Revision as its Medium-Term Business Plan.

Recognized time frames

–FY2025	–FY2030	FY2031–
Short term	Medium term	Long term

Medium-Term Business Plan
STS2030 Revision
▶P.23
Creating value through solutions to social issues of healthcare
Strengthening the company platform and contributing to a sustainable society

Environmental Changes/Social Needs

Perception of the environment surrounding society and the healthcare industry

- The global epidemic of COVID-19 and subsequent lifestyle changes
- Further expansion of the scope of corporate social responsibility
- Aging of developed countries' populations and rise of emerging countries
- Accelerating investment in the children of the future
- Structural changes in the healthcare industry
- Restricted access to medical care
- International instability
- Technical innovation and evolution, including digitalization, and greater use of data
- Growth of the global market for prescription drugs, and contraction of the Japanese market
- Global warming

Perception of the internal environment

- Transformation to realize the SHIONOGI Group Vision
- Promotion of workstyle reforms
- Numbers of pipelines, imbalance in R&D progress
- High reliance on royalty business
- Lower patent cliff risks

Risks

- Contraction in market for infectious disease drugs as awareness of hygiene increases — Short
- Human rights violations, risks affecting stable supply, business delays, continuity, and deterioration of creditworthiness by the Company and its suppliers due to the following events — Short Med. Long
  - Deterioration in relations with local communities — Short Med.
  - Human rights, environmental, and compliance/governance issues — Short Med. Long
- Greater information security risks — Short Med.
- Collapse of existing business models through disruptive innovation — Short Med.
- Lack of human resources to realize SHIONOGI Group Vision — Short Med.
- Loss of business opportunities as nothing is done in emerging countries — Short Med. Long
- Higher hurdles to drug discovery and lower research efficiency — Short Med. Long
- Decrease in productivity/outflow of human resources — Short Med. Long

Opportunities

- Globalization of infectious diseases due to climate change — Short Med.
- Increased expectations and demand for global infectious disease countermeasures — Short Med. Long
- Increasing demand for wellbeing and social participation in all generations — Short Med. Long
- Rising needs for prevention, presymptomatic conditions, self-medication needs, and related market expansion — Short Med. Long
- Promoting access to medical care — Short Med. Long
- Creating solutions through technological innovation — Short Med. Long
- Achieving stable supply, customer satisfaction, and reliability in the Company and its suppliers in the following events: — Short Med. Long
  - Continuous improvement of stable supply and quality assurance — Short Med. Long
  - Protect human rights and the environment — Short Med. Long
- Construction of a business that does not rely on patents — Short Med. Long
- Enhance employee awareness of transformation, to create innovation and enhance their ability to respond to change — Short Med. Long
- Secure human resources by expanding the environment in which diverse human resources can play active roles — Short Med. Long

Material Issues (Materiality)

▶P.17

- Material issues for creating new value for customers and society
- Material issues for contributing to a sustainable society
- Material issues for strengthening the management foundation

Creating the Value Called Health 2 SHIONOGI's Material Issues (Materiality)

SHIONOGI aims to achieve sustainable growth as a company essential to society by addressing social challenges and medical needs with its business activities, and share the results with its stakeholders. To realize this, we identify material issues requiring priority attention, based on internal and external environmental changes, risks and opportunities, and SHIONOGI's current status and challenges. We set KPIs and indicators for each material issue. By visualizing the progress and outcomes of our initiatives, we steadily advance our efforts to enhance corporate value and realize a sustainable society.

The Material Issue Identification Process

Identification of Issues

Assessment of Risks and Opportunities

- Organize opportunities and threats based on perceptions of internal and external environmental changes
  - Evaluation on three axes: social, business, and internal
  - Consideration of ISO 26000 and ESG disclosure standards

Category

- Organized into three elements based on implications: value creation, contribution to a sustainable society, and infrastructure

Interviews with stakeholders

- Interviews were held with external stakeholders such as investors and experts, as well as internal departments, to confirm validity.

Identification and monitoring of material issues

Priority Ranking of Identified Items

- Evaluation of each of the three elements on two axes: impact and likelihood of occurrence
  - Impact: Consider expectation values derived from stakeholder engagement
  - Occurrence and feasibility: Consider time frames

Board of Directors Approval

- Approval by the Board of Directors after discussion at the Corporate Executive Meeting

Monitoring

- Based on environmental changes and assessments of risks and opportunities, the Corporate Executive Meeting periodically examines whether or not material issues need to be reviewed.
- If a review is required, it will be submitted to the Board of Directors.

Material Issues (Materiality)		Indicators	Results of Main Initiatives
Material issues for creating new value for customers and society	Protect people from the threat of infectious diseases ▶P.12, 33, 42, 46	• Promote the proper use of infectious disease drugs to control antimicrobial resistance (AMR) and other issues • Growth/sales of drugs for the treatment of infectious diseases • Realization of a total care platform for infectious diseases, and global expansion and sales of vaccines • Initiatives for priority infectious diseases*1 to prepare for future pandemics	• Sales of infectious disease drugs: ¥**83.4** billion (Japan) • Infectious disease drug pipeline: **20** • Pipeline of vaccines to prevent infectious diseases: **6** • In collaboration with relevant institutions in South Africa, Kenya, India, and Brazil, we will hold workshops on proper use, improved access, and related research
	Contributing to a healthy and prosperous life ▶P.40	• Growth/sales of QOL disease drugs • Realization of a total care platform for QOL diseases, and penetration of DTx into medical care • Provision of appropriate information and support to children, parents, and workers	• Sales of QOL disease drugs*2: ¥**41.3** billion (Japan) • Pipeline of drugs for the treatment of QOL diseases: **26** • Held seminars to support workers' mental health: **20** prefectures
	Create innovation ▶P.12, 33	• Creation of technology/innovation and social implementation • Number of drugs newly migrated to Phase 2/3 • Number of drugs in Phase 2/3 • Creation of solutions other than pharmaceuticals	• Number of drugs in pipeline: **46** • Healthcare solutions other than pharmaceuticals and vaccines: **7**
	Improve access to healthcare ▶P.56	• Provision of products and services to LICs/LMICs • Strengthening of regional infrastructure and information provision to improve access to healthcare • Ensuring of access to pharmaceuticals where products have yet to be approved	• Number of countries where ensitrelvir can be provided through partnership with MPP: **117** • Number of countries where cefiderocol can be provided through partnerships with GARDP and CHAI: **135** • Inclusion in the WHO Model List of Essential Medicines • Number of countries where ViiV Healthcare provides dolutegravir/cabotegravir: More than **140** countries • Total number of people who received medical services through the Mother to Mother SHIONOGI Project: **246,405** (October 2015 to May 2024)

*1 Infectious diseases in which it is necessary to ensure the availability of medical countermeasures (MCM) including pharmaceuticals and medical devices that are of high importance to crises, such as saving lives, controlling epidemics, and maintaining social activities, in public health crisis management.
*2 Domestic prescription drug sales, excluding sales of infectious disease drugs.

Creating the Value Called Health 2 SHIONOGI's Material Issues (Materiality)

Material Issues (Materiality)		Indicators	Results of Main Initiatives
Material issues for contributing to a sustainable society	Supply socially responsible products and services ▶P.43	• Avoidance of customer disadvantages caused by quality issues • Realization of high-quality and stable supply through the development of continuous manufacturing technology for multiple products and DX • Zero serious health hazards caused by products and services	• Promotion of activities such as fostering a Quality Culture • Management supervision through audits of plants • Operation of a globally unified safety information management system
	Strengthen supply chain management ▶P.43	• Creation of a system to achieve zero product shortages • Ongoing critical supplier assessments and dialogues	• Number of companies assessed by EcoVadis: **150** (cumulative) • Multi-sourcing of suppliers and production plants • Establishment of a system of cooperation with suppliers for stable supply • Percentage of significant suppliers of raw materials agreeing to the Code of Conduct*: **97**%
	Respect human rights ▶P.62	• Continued implementation of human rights due diligence	• Statement based on the Modern Slavery Act • Implementation of human rights impact assessments • Held a workshop on potential human rights issues in the value chain
	Protect the environment ▶P.59, 80	• Achievement of the SHIONOGI Group EHS Action Targets (environment)	• Greenhouse gas (GHG) emissions (Scope 1 & 2: market-based): **63,057** tCO_2 • Total energy consumption: **332,865** MWh • Percentage of electricity from renewable energy: **55.8**%
Material issues for strengthening the management foundation	Develop and secure human resources to support growth ▶P.26, 80	• Securing of a competitive and diverse workforce • Development of global human resources • Diversification of management personnel • Achievement of the SHIONOGI Group EHS Action Targets (Health and safety) • Achievement of health and productivity management targets	• Education and training expenses per person: ¥**98 thousand** • Utilization rate of self-investment support: **55.0**% • Ratio of female managers: **16.4**% • Frequency rate: **0.13** • Health checkup reception rate: **100**% • Percentage of employees who smoke: **3.0**%
	Ensure compliance ▶P.76	• Monitoring of compliance and promotional activities	• Establishment of the globally unified New SHIONOGI Group Code of Conduct • Implementation of Global Compliance & Quality Week
	Strengthen governance ▶P.65	• Evaluation of the effectiveness of the Board of Directors and implementation of continuous improvement measures	• Transition to a company with an Audit and Supervisory Committee • Performance review of the President by the Nomination Advisory Committee • Dialogue between shareholders/investors and outside directors

* SHIONOGI Group Business Partner Code of Conduct

Creating the Value Called Health 3 SHIONOGI's Value Creation

SHIONOGI will further refine the strengths cultivated as a drug discovery-based pharmaceutical company and continue to create innovative medicines.
Furthermore, we will drive co-creation with partners to generate new value beyond pharmaceuticals as a partner of choice for companies and industries with diverse strengths.
We will continue to deliver new value to society as a HaaS company that provides healthcare services to solve challenges for patients and society.

Environmental changes surrounding the social and healthcare industries

SHIONOGI Group Heritage

New SHIONOGI Group Code of Conduct

SHIONOGI's Material Issues (Materiality)

▶P.17

Research
Development
Marketing
Manufacturing

Strengths
Innovation skills
Alliances and collaborations
Expertise in infectious disease
Human resources

Diverse Partners

- Material issues for creating new value for customers and society
- Material issues for contributing to a sustainable society
- Material issues for strengthening the management foundation

Creating the Value Called Health 3 Value Creation Process

SHIONOGI strives constantly to supply the best possible healthcare solutions to protect the health and wellbeing of the patients we serve

INPUT (FY2024)

Main Capital

Human capital
- Penetration of our philosophy*1 **86%**
- Education and training expenses per person (based on Shionogi & Co., Ltd.) **¥98 thousand**
- Talent pool for future management **36 persons***2

Intellectual and manufactured capital
- SHIONOGI's unique expertise and technology
- Capital investments and investments in intangible assets **¥26.2 billion**

Social and relationship capital
- Diverse partnerships STS2030 partnerships: **55** (cumulative)
- Strong relationships with national governments, local governments, and communities

Financial capital
- Total capital **¥1,535.3 billion**
- STS2030 Phase 2 **¥300 billion** to be invested in R&D

Natural capital
- Greenhouse gas (GHG) emissions (Scope 1 & 2: market-based): **63,057 tCO2**
- Total water withdrawal **1,612 thousand m3**

*1 Engagement survey results

*2 Number of associate corporate officers cumulative over the past five years

OUTPUT

Value Provided

Multidrug-resistant Gram-negative bacterial infection treatment *Fetroja*

COVID-19 treatment *Xocova*

Long-acting anti-HIV drug *Cabenuva*

Wastewater surveillance service (by AdvanSentinel)

Gamma wave sound care *kikippa*

Elementary and junior high school class management support system *Yui-EN*

Concerns, Needs

OUTCOME (FY2024)

Value Created

Human capital
- Practice of our philosophy*1 **67%**
- Promotion of DE&I
- Number of persons from talent pool appointed to executive officer positions (cumulative over the previous four years): **10**

Intellectual and manufactured capital
- Accumulation of SHIONOGI's proprietary expertise and technology
- Internally-discovered pipeline ratio **69%**
- Number of pipeline products **46**

Social and relationship capital

Through contracts with partners:
- Ensitrelvir available in **117 countries**
- Cefiderocol available in **135 countries**
- Dolutegravir/cabotegravir available in over **140 countries**

Financial capital
- Profit before tax **¥200.8 billion**
- Annual total shareholder return (TSR): **-10.7%** for the past year, **-1.4%** for the past three years, **7.0%** for the past five years, and **7.0%** for the past 10 years
- ROE **13.1%**

Natural capital
- Effluent management of antimicrobial agents in wastewater
- Greenhouse gas (GHG) emissions (Scope 1 & 2: market-based): **23.3% reduction** (compared to fiscal 2019)
- Water resource return rate: **89.8%**

IMPACT

Value Shared

Details on the development pipeline

SHIONOGI's Strategy

Message from the Senior Executive Officer in charge of the Corporate Supervisory Unit

Kazuhiro Hatanaka

Senior Executive Officer,
Senior Vice President,
Corporate Supervisory Unit

Evolution of functions supporting transformation

The Medium-Term Business Plan "STS2030 Revision Phase 2," which started in June 2023, will reach its final year of the three-year period in fiscal 2025. SHIONOGI has declared its transformation from a drug discovery-based pharmaceutical company centered on prescription pharmaceuticals to a HaaS company that provides optimal solutions for healthcare challenges, not only prescription pharmaceuticals. At the same time, we have undertaken various challenges toward expanding global sales in earnest, starting with *Xocova* (ensitrelvir) and *Fetroja* (cefiderocol).

To realize such transformation, it is necessary to consider and implement optimal allocation so that management resources (people, materials, money, time, information) are used effectively and efficiently, taking into account social changes and needs as well as the progress of internal activities. The Corporate Supervisory Unit controls management resources through company-wide strategy planning, execution support, and monitoring, while providing support to increase the probability of achieving departmental plans by proposing optimal resource allocation. Furthermore, it has led SHIONOGI's sustainable growth by advancing decision-making and strengthening risk management and governance.

Strengthening the management foundation and human resources to win against global competition

Strengthening the Management Foundation

- Strengthening Global Functions
  - Establishing global positions/reporting lines
  - Beginning consideration for full operation of global HR systems/management accounting/IT infrastructure

Building systems for company-wide optimization of management resources accompanying business globalization

×

Strengthening Human Resources

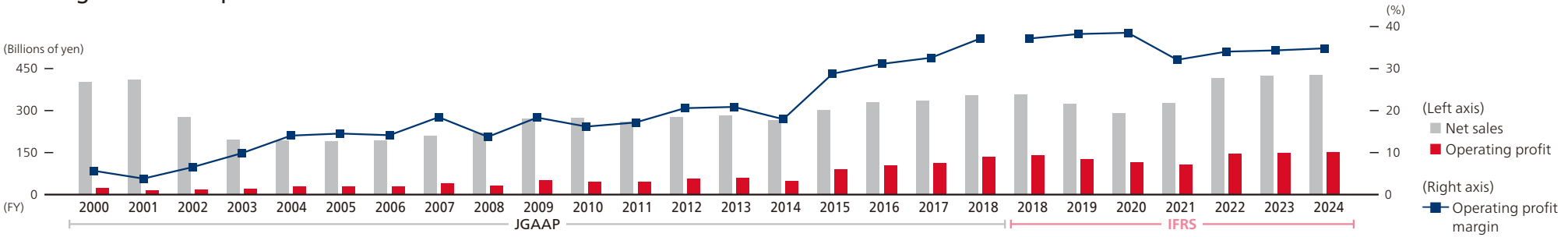
- HR system reform
  - Optimizing treatment through re-grading of all employees
  - Competitive compensation systems
- Implementation of special early retirement program
- Recruitment/Securing of human resources necessary for growth
  - Strengthening mid-career recruitment
  - Recruitment of high-level human resources related to globalization, vaccine business establishment, and DX
- Promoting reskilling

Toward an environment where diverse human resources can demonstrate their abilities

While the Corporate Supervisory Unit faces a wide range of issues to resolve, we believe that strengthening human capital—that is, developing and securing employees who are the drivers of transformation—is particularly important during a major business model transition period. Currently, we are advancing company-wide globalization aiming to build a highly efficient management foundation to win against competition, but transformation, which is our original purpose, cannot be achieved through organizational and system design alone. To develop strong individuals who are the drivers of transformation and build organizations that leverage diverse human resources, we will promote enriching educational programs and DE&I while advancing the construction of a human resources portfolio that realizes optimal human resources placement. In fiscal 2024, as part of these efforts, we are welcoming human resources with diverse experience from outside the Company and working on reviewing conventional business processes and promoting business reform while incorporating objective perspectives. In terms of physical aspects, we plan to relocate our headquarters to GRAND GREEN OSAKA in November 2025 to review head office functions as Global Headquarters and build a system for more efficient and effective management. Through these transformation efforts covering both internal systems and physical aspects, we will advance activities in each SHIONOGI organization and contribute to realizing the SHIONOGI Group Vision.

Strategy as a Driving Force 1 Medium-Term Business Plan

Looking back at our previous Medium-Term Business Plans



First Medium-Term Business Plan (FY2000-FY2004)

Focus on pharmaceutical business
—Establishing a Foundation

(Billions of yen)

	FY2004
Net sales	199.4
Net income	18.9
R&D expenses	29.4
ROE	6.4%

Accomplishments

○ Establishing a foundation
- Consolidating into prescription drugs

▲ R&D
- Established overseas joint venture (present-day Shionogi-ViiV Healthcare LLC) and launched joint R&D of anti-HIV drug

▲ Overseas business
- Established foundation for global development (established Shionogi Inc.)

Issues
- Response to the volatile drug industry

Second Medium-Term Business Plan (FY2005-FY2009)

Expansion of R&D and establishment of global structure
—Accelerating Progress

(Billions of yen)

	FY2009
Net sales	278.5
Operating income	52.4
Net income	38.6
R&D expenses	51.8
ROE	11.9%

Accomplishments

○ Clarifying target areas
- In addition to infectious diseases, metabolic diseases and pain are also growing

▲ Establishing strong sales
- Developed *Crestor* into a key product with domestic sales of ¥23.0 billion

○ Overseas business
- Securing a sales network in the U.S.
- Conducted joint development of anti-HIV drug with GSK

Issues
- Identifying research seeds and expanding early phase drug discovery programs
- Quickly formulating strategies and making decisions related to global development
- Achieving sales targets and adjusting sales expenses
- Reducing indirect division costs

Third Medium-Term Business Plan (FY2010-FY2013)

Toward global growth
—SONG for the Real Growth

(Billions of yen)

	FY2013
Net sales	289.7
Operating income	61.9
Operating margin	21.4%
R&D expenses	53.6

Accomplishments

○ Growth centered on new drugs
- Implemented in-house global development (Phase 3 clinical trials)

○ Japan business
- Grew 8 strategic products and improved the sales ratio

▲ Overseas business
- Launched *Osphena*
- Introduced to Europe and China

Issues
- Accelerating the maximization of new product value
- Turning the U.S. business profitable
- Improve per-employee productivity

Fourth Medium-Term Business Plan (FY2014-FY2019)

Update

Grow as a drug discovery-based pharmaceutical company
—Shionogi Growth Strategy 2020

(Billions of yen)

	FY2016
Net sales	338.9
Ordinary income	123.0
R&D expenses	59.9
ROE	16.3%

Grow sustainably as a drug discovery-based pharmaceutical company contributing to a more vigorous society through improved healthcare
—Shionogi Growth Strategy 2020

(Billions of yen)

	FY2019
New product sales	62.9
Ordinary income	151.8
ROIC	13.8%
CCC	7.7 months
Internally-discovered pipeline ratio	67%
ROE	18.0%
DOE	4.7%

Accomplishments

○ We achieved the main KPIs given in SGS*1 2020 (ordinary income, efficiency KPI, and shareholder return KPIs)

○ Continued launch of internally-discovered products
- *Xofluza*, *Mulpleta*, *Symproic*, cefiderocol, cabotegravir

○ Strengthening of business operations
- Improvement of cost management
- Global development of all internally-discovered products, launches in overseas markets

Issues
- Achieving sales targets for strategic products
- Grow overseas businesses
- Improve per-employee productivity

STS2030*2 Phase 1 (FY2020-FY2022)

Building Innovation Platforms to Shape the Future of Healthcare
Realizing our Transformation

(Billions of yen)

		FY2022
Growth	Revenues	426.7
	Core operating profit*3	158.5
	Core operating profit margin	37.1%
	Overseas revenue ratio	16.9%
	Internally-discovered pipeline ratio	61%
Shareholder return	EPS	207.10 yen*4
	DOE	3.9%
	ROE	17.8%

Accomplishments

○ Expansion of internally-discovered products
- Obtained emergency domestic approval for COVID-19 treatment *Xocova*
- Strengthened overseas business
- Achieved growth of the HIV franchise

○ Progress of products and services other than prescription drugs

○ Strengthen governance

Issues
- Growth on a global scale
- Building pillars beyond infectious diseases

○ Achieved
▲ Partially achieved

*1 SGS stands for Shionogi Growth Strategy.
*2 STS stands for Shionogi Transformation Strategy.
*3 Income adjusted for non-recurring items (impairment loss, gain on sale of property, plant and equipment, etc.) from operating profit
*4 Per share information is calculated on the assumption of a three-for-one split of common shares.

Strategy as a Driving Force 1

Medium-Term Business Plan

Overview and Basic Policy of STS2030 Phase 2

Based on the results and lessons from prior initiatives, the path toward realizing the SHIONOGI Group Vision has become clearer, so we have re-crafted the Medium-Term Business Plan as the "STS2030 Revision" in 2023. The Basic Policy for STS2030 Phase 2 (FY2023-FY2025) is to achieve "global top-line growth, especially in the infectious disease area," and "realization of growth driver development through aggressive investment."

Basic policy of STS2030 Phase 2

Achieve global top-line growth and establishment of growth drivers through aggressive investment, especially in the infectious disease area

	Materiality		
Create value by solving healthcare social issues	Protect people from the threat of infectious diseases	Contribute to a healthy and prosperous life	Improve access to healthcare
Strengthen the management base and contribute to a sustainable society	Key strategic priorities Global strategy, investment and financial strategies	Transformation actions	Strengthening management and ESG focus

Main KPIs	STS2030 Phase 1	STS2030 Phase 2			
	FY2022 Achievement	FY2023 Achievement	FY2024 Achievement	FY2025 Previous KPIs*2	FY2025 New KPIs
Revenue	426.7 billion yen	**435.1 billion yen**	**438.3 billion yen**	**550.0 billion yen**	530.0 billion yen
EBITDA	175.6 billion yen	188.7 billion yen	179.3 billion yen	200.0 billion yen	196.0 billion yen
Overseas sales CAGR*1 (Starting from FY2022)	—	17.4%	17.9%	50%	Revising the growth plan We intend to set KPIs again for growth after the next fiscal year

*1 CAGR (Compound Annual Growth Rate)

*2 Medium-Term Business Plan SHIONOGI Transformation Strategy2030 (STS2030) Revision announced in June 2023

Results for fiscal 2024

Achieved growth surpassing fiscal 2023's lump-sum income*3 (25 billion yen), delivering higher revenue and profit

Both revenue and operating profit hit record highs

HIV business: +44.6 billion yen (+22.8% YoY)

Overseas business: +9.2 billion yen (+18.4% YoY)

Full-year forecasts were missed

- Despite strict cost management in the second half, the winter COVID-19 wave fell far below expectations
- We will continue investing in essential growth activities

We will keep aggressively investing in growth drivers

- Adjust priorities based on trial outcomes
- Launch Phase 2 and Phase 3 clinical trials for next-generation development products

*3 Lump-sum income for the ADHD treatment license transfer

Materiality

In STS2030 Phase 2, we will pursue "creating value through solutions to social issues of healthcare" and "strengthening the company platform and contributing to a sustainable society." Within the former, we have identified three priority social issues: protect people from the threat of infectious diseases, contribute to a healthy and prosperous life, and improve access to healthcare.

Our top priority is "protect people from the threat of infectious diseases." We view this as SHIONOGI's core mission as a leading infectious disease company, and the STS2030 Revision aims to solve diverse healthcare challenges in this field while building a sustainable business model. We also place high importance on "contribute to a healthy and prosperous life," expanding beyond our traditional focus on psychoneurological diseases and pain to address QOL diseases with high social impact such as dementia, obesity, pediatric/rare diseases, and sleep disorders—helping create a society where everyone can live vibrantly and authentically.

	Materiality	Initiatives and achievements
Value creation by solving healthcare social issues	Protect people from the threat of infectious diseases	• *Fetroja*: Expanded sales in the U.S. and Europe, launched in Taiwan, secured approval in South Korea • *Xocova*: Increased market share in Japan; began rolling FDA submission for new-drug approval • *Xofluza*: Added pediatric indication in Taiwan • Sponsored the new insurance "COVID-19 Treatment Insurance" • *Covgoze*: Obtained domestic manufacturing and marketing approval • Opened a new research hub, Shionogi Qpex Lab.
	Contribute to a healthy and prosperous life	• *Quviviq*: Newly launched domestically • *ENDEAVORRIDE*: Obtained domestic manufacturing and marketing approval • Zuranolone: Filed domestic manufacturing and marketing approval application
	Improve access to healthcare	• Expanded product availability to low- and middle-income countries • Conducted domestic and international activities aimed at removing communication barriers for people with hearing impairments

Strategy as a Driving Force 1

Medium-Term Business Plan

Materiality surrounding infectious diseases

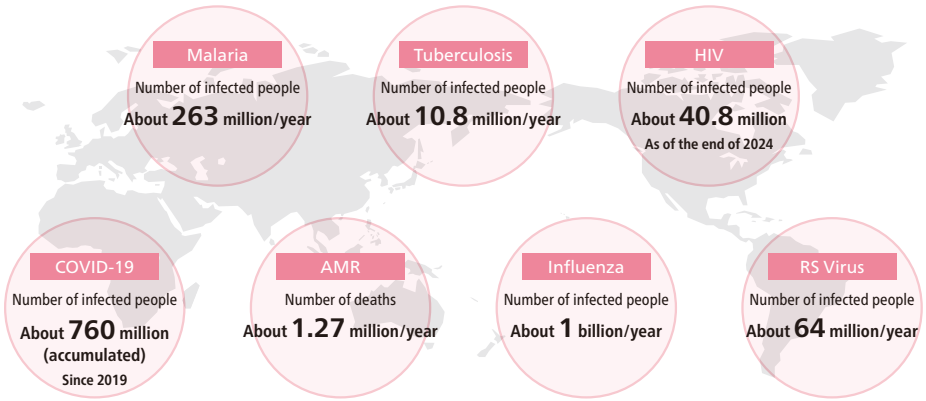
Due to globalization, climate change, rising urban density, and expanding transport infrastructure in recent years, the risk of a pandemic is still high. HIV/AIDS, tuberculosis and malaria also remain major threats. Addressing these threats requires ongoing prevention and countermeasures such as international cooperation, novel therapeutic development, and public-health improvements.

Efforts against infectious diseases

Leveraging over six decades of infectious disease expertise as well as compound and pathogen libraries, SHIONOGI will continue delivering solutions that contribute to meeting unmet needs. Regarding the world's three major infectious diseases, beyond HIV, we commit to infectious diseases requiring a long period of treatment such as tuberculosis, malaria, and other major infections, fulfilling our role as a leading infectious disease company.

To improve access to treatments worldwide—including low- and middle-income countries—we've partnered with the MPP (Medicines Patent Pool), signed agreements with GARDP (Global Antibiotic Research and Development Partnership) and CHAI (Clinton Health Access Initiative), and are building collaborative mechanisms to work with society to solve infectious disease challenges that are difficult for SHIONOGI to tackle alone.

Key infection statistics*



* https://www.who.int/news-room/fact-sheets (Accessed in August 2025)
https://www.niaid.nih.gov/diseases-conditions/respiratory-syncytial-virus-rsv (Accessed in August 2025)

Ensuring sustainability of the infectious disease business

While many firms exit the infectious disease business, SHIONOGI remains committed to R&D and solution delivery as a leading company.

Key to this is establishing a sustainable infectious disease business. We target infectious diseases requiring a long period of treatment, vaccines, as well as acute infections and AMR, for which it is difficult to predict revenue, but which are essential, in our portfolio. We establish and combine optimal business models while having a clear sense of the characteristics and societal role of each, aiming to diversify risks and opportunities and ensure sustainability as a business.

Strategies for the infectious disease business

Build a stable business foundation by contributing to many patients

Infectious diseases requiring a long period of treatment	Vaccines
Cultivate new markets that address unmet needs • Provide new solutions for HIV infections • Develop a new therapeutic drug (olorofim) for fungal infections with high mortality rate • Research and develop new treatments for infectious diseases with strong unmet needs (tuberculosis, malaria, nontuberculous mycobacterial (NTM) diseases, etc.)	Grow vaccines into the next earnings driver as a core business • Launch COVID-19 and influenza vaccines • Expand business globally, including Asia • Establish new technologies that become strengths (nasal, universal vaccines, etc.)

Build a sustainable business model

Acute infectious diseases (COVID-19, influenza, etc.)	AMR
Global growth of therapeutic drugs • Global growth of *Xocova* and *Xofluza* • Expand the disease portfolio through continued research and development activities Total care initiatives • Strengthen diagnostic capabilities, growth of vaccines and wastewater surveillance services	Create sustainable markets together with society • Global expansion of *Fetroja* (cefiderocol) • Continuous efforts toward push and pull incentives

Strategy as a Driving Force 1

Medium-Term Business Plan

Strategies for QOL diseases

SHIONOGI envisions a world where everyone can live vibrant, authentic lives. In the STS2030 Revision, we prioritize QOL diseases with high social impact, extending our current R&D in psychoneurological diseases and pain to develop a pipeline including obesity, sleep disorders, and other high-unmet-need areas.

In fiscal 2024, we began domestic sales of the insomnia treatment *Quviviq*, secured approval for domestic manufacturing and sale of the digital therapeutic app *ENDEAVORRIDE* for pediatric ADHD, and are also developing an insomnia-relief app and an AI program for cognitive function testing and related medical devices, all to bring our HaaS vision closer to patients' needs. We also established Yui Connection Co., Ltd., an education support service company which gives teachers suggestions for teaching plans tailored to each student, and partnered with Pixie Dust Technologies, Inc. to advance sound-stimulus-based dementia-function improvement initiatives—both steps that strengthen the ecosystem needed for HaaS. Going forward, we will go beyond supplying medicines, developing and providing innovative treatment options and services that address the challenges faced by patients, their families, and the communities that support them, thereby enhancing QOL and societal productivity.

Key pipeline progress in FY2024

Various pipelines are advancing steadily, with multiple approvals obtained and applications filed

Infectious disease area		QOL diseases with high social impact	
S-268019 COVID-19 vaccine	Obtained domestic approval	***ENDEAVORRIDE*** ADHD (digital therapeutic app)	Obtained domestic approval
Ensitrelvir COVID-19 prevention	Filed application for domestic approval Began rolling sub-mission in the U.S.	**Zuranolone** Depression	Filed application for domestic approval
S-268024 COVID-19 vaccine	Started Phase 3	**SDS-881** Dementia (AI program for cognitive function testing)	Started Phase 3
S-337395 RS Virus	Achieved primary endpoints in Phase 2	**SASS-001** Sleep apnea syndrome (central)	Started Phase 2
S-892216 Oral COVID-19 treatment (oral)	Started Phase 2	**zatolmilast** Jordan syndrome*	Started Phase 2

* Phase 2/3 trials for zatolmilast in fragile X syndrome are ongoing.

Strengthening global functions

At SHIONOGI, we are driving initiatives to strengthen our global functions as we pursue further business growth. In fiscal 2024, we refined global positions and reporting lines based on functional characteristics and the scale of international operations. Consequently, we have begun detailed planning for full-scale rollout of a global HR system, management accounting, and IT infrastructure.

These efforts have boosted cross-functional global communication and helped develop strong talent that underpins SHIONOGI's globalization. Going forward, we will enhance both internal systems and physical aspects to further strengthen our global strategy and governance.

Column

Reassessing Global Headquarters functions and relocating headquarters

Since founding the drug wholesaler "Shiono Gisaburo Shoten" in 1878, SHIONOGI has been headquartered in Doshomachi, Osaka. We have now decided to move to the mixed-use complex GRAND GREEN OSAKA near Osaka Station in November 2025. We define the role of our new headquarters as a space where proud and ambitious employees come together to create new value and support the ever-evolving SHIONOGI. It will be the communication hub for the worldwide SHIONOGI employees, providing a suitable office environment and headquarters functions to serve as a global base to welcome diverse business partners.

Exterior of GRAND GREEN OSAKA (Provided by GRAND GREEN OSAKA Developer)

Strategy as a Driving Force 2 Talent Strategy for Building the Future

Message from General Manager, Human Resources Department

Takaho Kawamoto
General Manager, Human Resources Department

Promoting a human resources strategy that fosters autonomy and responsibility

SHIONOGI regards human capital as a key management issue as we work to achieve the STS2030 Revision. By creating an environment where each employee feels motivated and can fully leverage their abilities, we aim for sustained corporate value growth. We have therefore cultivated a challenge mindset via HR policies, designed systems that enable varied workstyles, and implemented engagement initiatives to deepen alignment with our corporate philosophy.

Specifically, we are strengthening the development and acquisition of global human resources and high-expertise human resources, revising HR policies, and expanding self-investment support programs to foster autonomous learning. We are also focusing on workstyle reforms, revising regular working hours, introducing working from home, adopting selectable four-day workweeks, and easing side-job rules, thereby establishing an environment to respect diverse lifestyles, boost employee wellbeing, and enable high performance. We visualize the outcomes of these actions through engagement surveys, linking the insights found to improvement activities, thereby fostering a sustainable growth cycle.

We remain fully-committed to ensuring every employee feels proud to be part of SHIONOGI.

The vision for SHIONOGI's human capital management

Vision

Develop strong individuals who can win in global competition by embodying the SHIONOGI Way, and build an organization that makes the most of its diverse human resources

Desired human resources "SHIONOGI Way"

Be the best you can be to take on new challenges by constantly improving and expanding your capabilities

- Human resources who can play an active role globally
- Human resources who can capture healthcare needs and continue to create pharmaceuticals continuously and efficiently
- Human resources who can leverage diversity to plan, create, and socially implement healthcare innovations as a team

Core strategy: SHIONOGI human capital strategy

By embodying the SHIONOGI Way, "Be the best you can be to take on new challenges by constantly improving and expanding your capabilities" we aim to cultivate resilient individuals who can compete globally, build organizations that leverage diverse talent, and contribute to achieving the SHIONOGI Group Vision. To achieve this, each employee must take responsibility for their development and keep progressing. Managers must support the growth of their team members through coaching and guidance, and the Company must establish an environment that provides growth opportunities through supportive systems and corporate culture, strengthening the entire Group advances human capital as one.

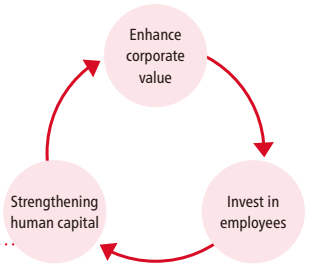
Approach to human capital management at SHIONOGI

Concept of human capital management at SHIONOGI

Boost employee engagement

Deepen understanding and resonance with our initiatives and the SHIONOGI Group Vision

Foster the desire to make proactive contributions, and thereby drive sustainable corporate value



It's crucial that the cycle keeps turning

Maximize the checking function

SHIONOGI runs the cycle while continuously testing and refining it

Strategy as a Driving Force 2

Talent Strategy for Building the Future

Human capital strategy for achieving the SHIONOGI Group Vision

At SHIONOGI, we are promoting human capital strategy, aiming to boost employee engagement—and thereby corporate value—by fostering a sense of purpose and challenge through employee development and appraisals, making it easier to carry out work via workstyle reforms, and deepening understanding and resonance with the SHIONOGI Group Vision. Engagement initiatives are rolled out across the whole Group, then tailored to each organization's specific challenges before planning and executing actions. We also recognize that future needs will center on global human resources, DX/IT specialists, and experts for new-business ventures, so we are actively expanding this talent portfolio.

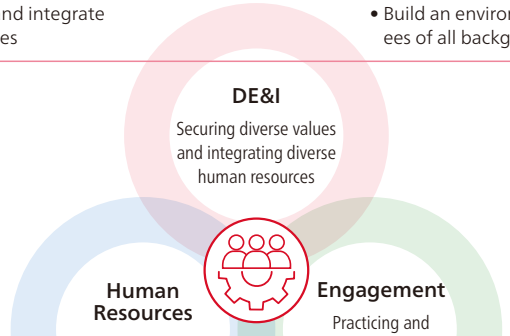
Workstyle reform

Goal

Ensure diverse values and integrate diverse human resources

Initiatives

- Build an environment where employees of all backgrounds can thrive



Elevate talent development and acquisition

Goal

Portfolio transformation

Initiatives

- Internal talent: Advance development programs
- External talent: Recruit high-performing outside professionals

Branding activities

Goal

Embody and communicate our corporate philosophy

Initiatives

- Boost communication among employees
- Host events that celebrate and reward challenge

Elevate talent development and acquisition

Talent portfolio transformation

SHIONOGI seeks globally-capable professionals, DX/IT specialists, and experts for new-business ventures, strengthening capabilities that underpin business model transformation and growth. We define the skill levels (lead, member, entry) for each role and clarify required abilities to guide hiring and development. Last year we hired 70 high-performing mid-career professionals aligned with skill levels, and early signs show employee skill assessments are raising individual capabilities. Through these measures we aim to accelerate organization-wide talent development, build a resilient talent portfolio, and drive global business growth.

Definition of duties and skills

- Three rank levels are set for each role
- For each role and rank, we specify the required skill levels for both specialist and general skills

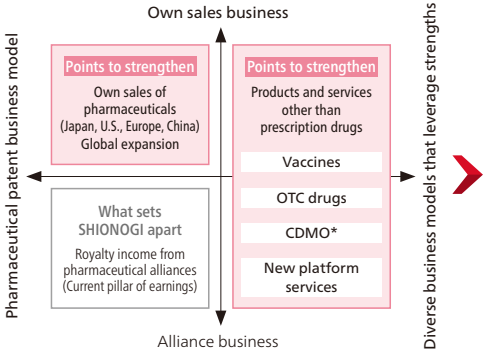
Example of job skill definition

Job title	IT Project Manager		
Ranks	Entry	Member	Lead
Specialist skills	Project planning: Level #, able to do XX		
	Project execution: Level #, able to do XX		
General skills	International coordination: Level #, able to do XX		
	DX/IT: Level #, able to do XX		

The shift in our business model creates a need to transform the talent portfolio

To realize the SHIONOGI Group Vision, we are accelerating the expansion of missing capabilities

Business expansion driven by shift in business model



Talent gaps to fill

Global talent
Professionals with international business experience or strong overseas capability

DX/IT talent
Individuals who can drive digital transformation and leverage IT for greater operational efficiency

Specialist talent
Experts with experience and know-how in new ventures SHIONOGI is taking on such as the vaccine business

* Contract Development and Manufacturing Organization

Strategy as a Driving Force 2

Talent Strategy for Building the Future

Introduction of new HR policies

To realize the SHIONOGI Group Vision and nurture human resources that embody the SHIONOGI Way, we continuously roll out HR policies centered on challenge and motivation, while building an environment that strengthens mid-career recruitment.

Merit-based appointment

We have introduced an HR policy that significantly reduces seniority-based elements in order to promote merit-based appointment. We assign job grades based on the role and give each Supervisory Unit the authority to promote employees, achieving flexible appointment of human resources. We also raise compensation for high performers and give more staff the opportunity to take on a higher-impact role. An employee's grade can now be changed after their annual review, enabling agile compensation aligned to the role that gives the employee a sense of challenge and motivation.

Strengthening external hires

To meet our Medium-Term Business Plan, we are expanding the use of needed outside human resources. We offer competitive remuneration to attract highly skilled human resources, especially in global, DX, and IT domains. As a result, we hired 70 external human resources last year.

Talent portfolio transformation: New HR policies

Redesigning policies to promote challenge and motivation

Grade system

- "Re-grading" **aligns the grade with the current role**
- We give each organization the authority to promote employees, **achieving flexible appointment of talent**
- We also raise compensation for high performers and **give more staff the opportunity to take on a higher-impact role**

Evaluation system

- Employee grade can now be changed after their annual review, **enabling agile compensation aligned to the role**

* Promotion can be achieved in as little as four years

- Salary increases and bonuses are decided after evaluations, **allowing managers to focus on fair assessments rather than monetary amounts**

Compensation system

- **Competitive compensation packages designed to attract the talent** we need
- **Compensation is based on contribution to the Company**, regardless of age or seniority

Merit-based hiring

Strengthening the utilization of external talent

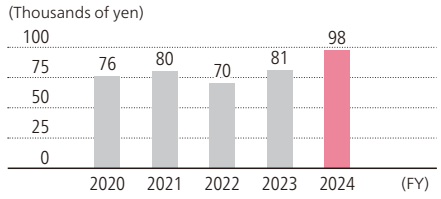
Evaluation and compensation system

We assess employees who understand their current position and boldly pursue ambitious goals through clear, differentiated evaluations, and reward them accordingly. We have increased base salaries for three consecutive years, resulting in the highest average annual income on record.

Career development at SHIONOGI

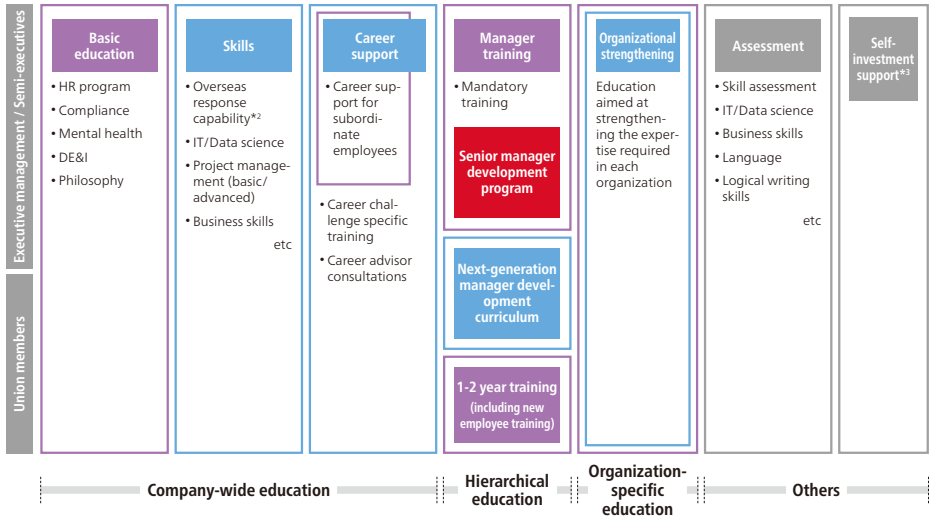
To embody the SHIONOGI Way, we implement various development initiatives that encourage employees to proactively develop their own careers. In addition to mandatory training for all staff (compliance, DE&I, etc.), we provide manager training, career support, and skill-enhancement programs.

Trend of education and training expenses per person*1



*1 (Education and training expenses + Self-investment support amount) / Number of employees (domestic (Japan) consolidation)

Overall picture of company-wide education measures



*2 Applies to employees who meet certain language proficiency standards

*3 Applies to labor union members and managers originally affiliated with Shionogi Co., Ltd.

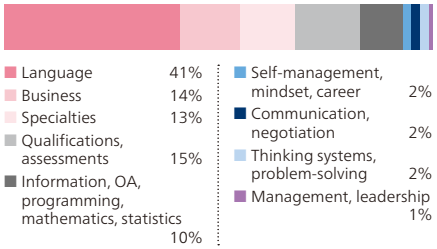
Strategy as a Driving Force 2

Talent Strategy for Building the Future

Voluntary re-skilling and skill upgrades

We have introduced self-investment support that subsidizes education costs to foster proactive learning. In fiscal 2025 we will raise the annual subsidy per person from ¥250,000 to ¥300,000 and extend eligibility to managers.

Breakdown of self-investment support utilization (by field / based on number of cases)



Self-investment support usage results

	FY2020	FY2021	FY2022	FY2023	FY2024
Number of users	1,065	1,301	1,211	1,212	1,198
	35.9%	45.6%	44.8%	46.5%	55.0%
Usage amount	¥159,757,115	¥185,357,028	¥160,835,120	¥163,543,066	¥161,349,284

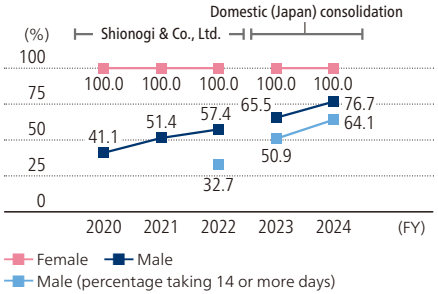
Workstyle reforms aimed at integrating diverse human resources

We respect each individual's uniqueness, support career growth and skill development, aiming to create safe and secure workplaces that enable diverse work styles. To encourage voluntary re-skilling, we are expanding our self-investment support; to promote diverse workstyles, we are introducing selectable four-day workweeks, revising regular working hours, and easing side-job rules. We continuously strive to create a work environment where diverse human resources can thrive.

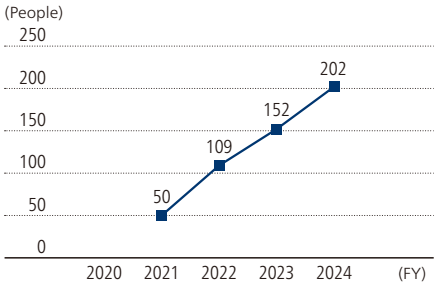
Acquisition rate of childcare leave

FY2025 target (domestic (Japan) consolidation)

Male childcare leave utilization rate: at least 50%, with at least 25% taking 14 or more days



Number of employees using side-job system (domestic (Japan) consolidation)



Initiatives to boost employee engagement

At SHIONOGI, we aim for sustained corporate value growth by creating an environment where employees feel motivated and can showcase their abilities. As part of this, we host "SHIONOGI Infectious Disease Weeks" to share Group initiatives and social impact with our staff. Through the President's Award—"SING of the Year," we foster a culture of mutual recognition, strengthening team cohesion.

In addition, since fiscal 2023 we've conducted a global employee engagement survey covering all employees worldwide to gauge the reach and perception of human capital initiatives such as support for employee growth, promoting flexible workstyles, and organizational revitalization, using the insights to drive improvements. By identifying the challenges faced by each organization based on their characteristics and situations, we can devise and implement suitable actions to further raise employee engagement.

Scenes from the President's Award "SING of the Year"

Health and productivity management

To achieve the SHIONOGI Group Heritage, we view employee wellbeing and environments that enable optimal performance as top management priorities, and we promote health and productivity management under the "SHIONOGI Group Health and Productivity Management Policy."

For more details on health and productivity management, please visit the website.

Strategy as a Driving Force 3 Investment and Financial Strategy

Basic policy

Taking advantage of our strong financial foundation, we will actively invest to expand target regions by leveraging our strengths in infectious diseases and to establish growth drivers, while maintaining returns that let shareholders participate in our growth.

Investment and financial strategies

STS2030 Revision positions our global growth strategy as one of the top-priority strategies. In STS2030 Phase 2 that spans fiscal 2023 to 2025, we are investing in research and development to nurture growth drivers in the areas of infectious diseases and QOL diseases while actively undertaking business investments that include M&A and in-licensing as we advance global growth heading toward 2030. As a part of our financial strategy, we have set financial KPIs for the end of fiscal 2025 to strengthen shareholder returns and improve capital efficiency, thereby enhancing our corporate value.

Overall picture of investment and financial strategies

- Continuous cash inflows centered on HIV drug royalty income
- Robust financial foundation based on cash on hand and good credit position

Investment strategy

R&D investment:
- R&D investments of 300 billion yen over three years

Business investments:
- Actively invest in M&A, in-licensing, etc.
- Determine the value of projects and invest an amount that aligns with their worth, executing at scale regardless of the amount

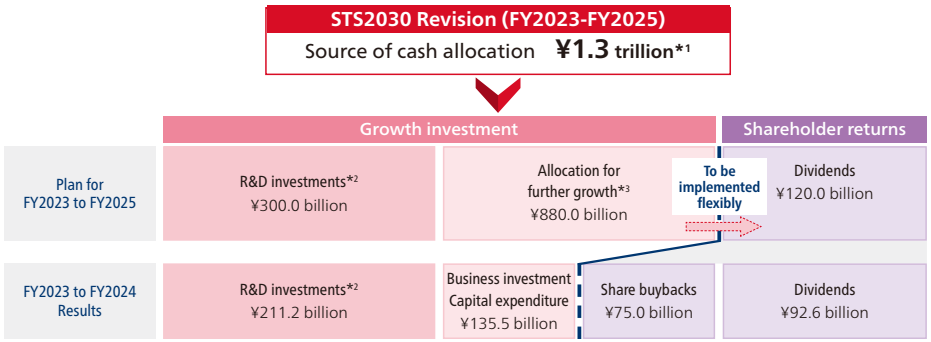
Financial strategy

Financial KPIs (FY2025)
- DOE: 4%
- EPS: ¥200 or more
- ROE: 14% or more
  - Basic policy is to increase dividends for 14 consecutive years.
  - Flexible share buybacks depending on investment conditions and market conditions

Investment management conscious of capital costs

To achieve management conscious of capital costs, SHIONOGI regularly assesses its own cost of capital and seeks to achieve ROE in excess of that cost. As a specific initiative, in business investing we set a hurdle rate as an investment standard to ensure the allocation of resources to valuable investments, and make decisions aimed at earning returns in excess of the cost of capital. We set the hurdle rates with reference to the cost of equity in similar operating companies, regularly investigate and analyze these, report any significant changes to the Board of Directors, and make appropriate changes to our rates. In addition to profitability-focused business investing, we engage in management with awareness of our stock price by paying shareholder returns in line with business growth.

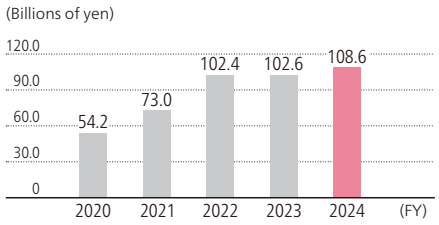
Approach to cash flow



*1 Cash on hand at the end of FY2023 (excluding working capital): approximately ¥400 billion + Operating cash flow for three years (before deduction of R&D investments)
*2 P/L basis.
*3 Capital expenditure (including system investment), business investment, etc.

In STS2030 Phase 2, we plan to allocate 1.3 trillion yen to growth investments and shareholder returns over the three-year period from fiscal 2023 to 2025. Infectious disease drugs delivered strong performance in fiscal 2024, especially the COVID-19 treatment *Xocova* and the influenza treatment *Xofluza*. In addition, sales of *Fetroja/Fetcroja* expanded overseas while HIV drug royalty income and dividends received from ViiV Healthcare grew.

R&D investments



Strategy as a Driving Force 3

Investment and Financial Strategy

As a result, in fiscal 2024 we achieved cash inflow of 304.1 billion yen (compared with 256.9 billion yen in fiscal 2023), progressing steadily toward the cash inflow of 900 billion yen projected over the three years of Phase 2. Of these funds, we are allocating 108.6 billion yen to research and development expenses, 26.2 billion yen to capital investments and investments in intangible assets, 35.0 billion yen to business investments (capital stakes, licensing, etc.), and 48.7 billion yen to payment of dividends. In fiscal 2025, we will make further active growth investments following the completion of our absorption of JT's pharmaceutical business and acquisition of Torii Pharmaceutical Co., Ltd. We will pay dividends under a basic policy that has increased dividends for 14 consecutive years and will consider flexible share buybacks.

Shareholder returns

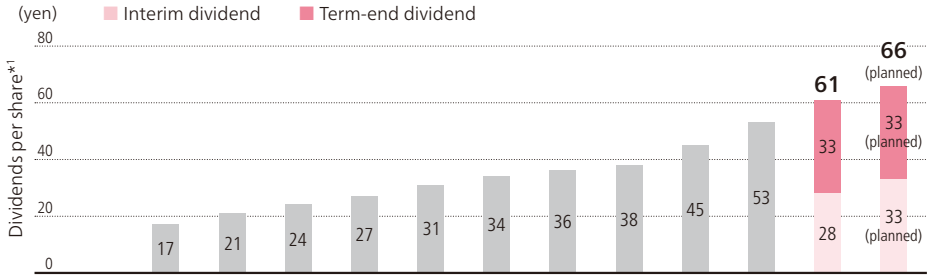
SHIONOGI is working to maximize corporate value while balancing growth investments with shareholder returns, letting shareholders join us in experiencing medium- to long-term profit growth. We aim to stably increase dividends in line with the growth of our corporate value, with a DOE of 4% or higher as our metric. On September 30, 2024, we carried out a three-for-one stock split aimed at enhancing the liquidity of the Company's shares and broadening our investor base.

We paid a dividend of ¥28 (after stock split adjustment) per share at the end of the second quarter and ¥33 at the end of the fiscal year. The resulting dividend of ¥61 for the year marked an increase for the 13th consecutive year. By continuing to execute flexible capital policy aligned with the business environment, we will aim for strengthened shareholder returns and increased capital efficiency that will lead to further enhancement of our corporate value.

Corporate venture capital (CVC) for the creation of medium- and long-term value

SHIONOGI has begun to undertake corporate venture capital (CVC) activities aimed at earning medium- and long-term strategic returns. We will set an annual investment framework and actively engage in startup investments in Japan and overseas. Our focus areas for investment are grounded in the three pillars of future healthcare needs, transformative innovation in infectious diseases, and enhancement of the value chain, as well as enabling technologies/infrastructure and resources that support these. Incorporating innovative technologies and business models, we aim to achieve both solutions to social issues and the continuous enhancement of our corporate value. Through CVC, we will co-create a vision for the next generation of medical care and health.

Shareholder return trend



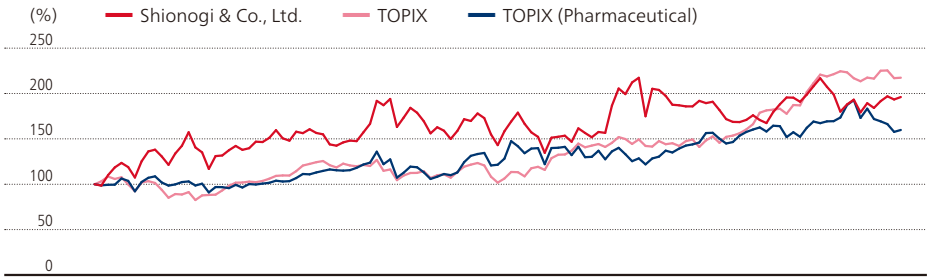
Fiscal year		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Treasury shares	Amount acquired (Billions of yen)	30	–	35	29.4	50	50	50	–	49.4	75	–	–
	Number of shares canceled*1 (Million shares)	–	–	66	15	22.05	15.6*2	–	–	12.6	32.52*3	–	–

*1 The stock split was carried out at a rate of three shares for one with October 1, 2024 as the effective date. The dividend per share and the number of the Company's shares retired through share buybacks were calculated (rounding to one decimal place) on the assumption that the stock split had been carried out at the beginning of fiscal 2014

*2 Resolution passed on March 30, 2020, and treasury shares canceled on April 6

*3 Resolution passed on July 31, 2023, and treasury shares canceled on April 17, 2024

Total Shareholder Return (TSR)*4



	1 yr.	3 yrs.		5 yrs.		10 yrs.	
		Cumulative	Annual rate	Cumulative	Annual rate	Cumulative	Annual rate
Shionogi & Co., Ltd.	-10.7%	-4.2%	-1.4%	39.9%	7.0%	96.1%	7.0%
TOPIX	-1.5%	47.2%	13.8%	113.4%	16.4%	117.4%	8.1%
TOPIX (Pharmaceutical)	-4.5%	22.5%	7.0%	31.5%	5.6%	59.8%	4.8%

*4 Total shareholders' return (TSR): The total return to the shareholder, or the total return on investment, including dividends and capital gain
TSR is calculated as the amount of cumulative dividends plus the change in Shionogi's stock price, while TOPIX is a stock price index that includes dividends (prepared by Shionogi using data from Bloomberg and other sources)
The values in the graph are TSR-indexed market prices, taking the closing price on March 31, 2015, as 100 (with a holding period until March 31, 2025)

Research at Shionogi Pharmaceutical Research Center (Toyonaka, Osaka Prefecture)
Our researchers tirelessly work to develop innovative pharmaceuticals.

Research, Produce, and Promote

SHIONOGI researches and develops pharmaceuticals that meet new medical needs, produces them with high quality and stability, and reliably promotes them to the patients who need them. This section introduces our end-to-end structure that spans research and development to manufacturing and marketing, our pipeline aimed at addressing social issues, our infrastructure that supports stable supply, and our marketing strategies for promoting pharmaceuticals to the world.

Research

Message from the Senior Executive Officer in charge of the R&D Supervisory Unit

John Keller, Ph.D.

Director and Senior Executive Officer, Senior Vice President, R&D Supervisory Unit

Strengthening our R&D Foundation through Speed × Focused Investment × External Collaboration

SHIONOGI has consistently delivered innovative pharmaceuticals in the infectious disease field, leveraging its deep experience in drug discovery—particularly in small molecule modalities. Informed by the lessons of the COVID-19 pandemic, we have built an agile R&D framework that prioritizes speed and the ability to concentrate resources on significant medical needs that we are optimally positioned to address. Starting from this enhanced foundation, we are augmenting our value creation capability by complementing SHIONOGI's strengths with a carefully selected collaborative network including healthcare companies, venture capital, and government, non-profit, and academic institutions, so that an even wider range of resources are within our grasp, at the time and in the manner needed to more effectively create solutions for patients.

In our focus areas of infectious and QOL-related diseases, we aim to deliver innovative solutions to address challenging unmet needs. In infectious diseases, we continue to build and advance our small molecule pipeline while moving forward with vaccine development. We are also pursuing novel technology for sensitive, accurate, and patient-friendly diagnosis, seeking to establish a "test to treat" paradigm from rapid identification of the infection to immediate treatment. In QOL-related diseases, such as hearing loss, sleep disorders, and cognitive disease, we are pursuing new drug discovery alongside digital therapeutics and other non-drug approaches in order to provide optimal solutions tailored to specific patient needs.

Through this approach of Speed × Focused Investment × External Collaboration, we will reinforce and amplify our R&D platform, supporting the achievement of the STS2030 Revision and realizing sustained and expanding growth.

Material issues to focus on

Protect people from the threat of infectious diseases | Contribute to a healthy and prosperous life | Create innovation

In addition to high-impact infectious diseases that threaten society we have been addressing, we are strengthening our response to QOL diseases with high social impact and, by pursuing innovation beyond prescription drugs, comprehensively addressing unmet medical needs that remain unresolved.

Vision

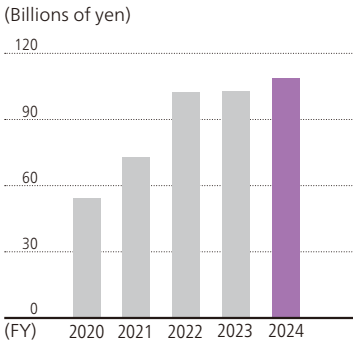
Create innovation not limited to prescription drugs, responding to important healthcare needs in society without being bound by preconceived notions.

Strategy

Identify important unmet needs and address them using overall capabilities

- Select healthcare issues that are predicted to remain unsolved and increase in the future
- Provide the best solutions using SHIONOGI's strengths + external networks
- Global development system, rapid and flexible resource allocation, and clear prioritization

Trends in R&D expenses



Number of pipeline products

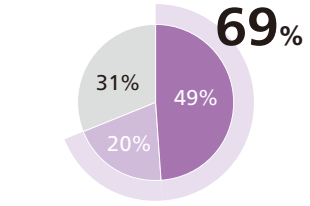
46

Main fields

Infectious diseases **20**

QOL diseases **26**

Internally-discovered pipeline ratio* (As of March 2025)



* The proportion of in-house origin compounds in the development pipeline (including development candidates and results from joint research with partners)

Research

Infectious diseases requiring a long period of treatment

Initiatives in the field of HIV

HIV/AIDS—one of the world's three major infectious diseases—still continues to claim many lives today. To address this challenge, SHIONOGI began HIV research at an early stage and has discovered dolutegravir, cabotegravir, and S-365598. By out-licensing these compounds to our partner, ViiV Healthcare, we are contributing to solving the challenges in the HIV field.

SHIONOGI's strengths and commitment

Because HIV readily develops drug resistance, combination therapy with drugs having different mechanisms of action is essential in treatment. Among these mechanisms, integrase inhibitors combine high antiviral activity, consistent long-term safety, and a high viral resistance barrier, and have grown to occupy approximately 80% of the HIV treatment market as a core therapeutic class. SHIONOGI has extensive experience in discovering superior integrase inhibitors, from dolutegravir to cabotegravir and S-365598, leveraging our expertise in medicinal chemistry. Even today, we continue to dedicate 38% of our chemistry human resources to HIV research to meet the remaining unmet needs in this field.

SHIONOGI and ViiV Healthcare's current initiatives

Our key partner, ViiV Healthcare, has already launched the bi-monthly treatment *Cabenuva* and prevention drug *Apretude*, with cabotegravir as the key drug. These products are steadily expanding to address the unmet needs of people living with or at risk of acquiring HIV. ViiV Healthcare is now developing a 4-month ULA formulation with the aim of making a further contribution by reducing the burden of dosing frequency and clinic visits. Beyond that, it is working on the development of S-365598/VH184, with the goal of achieving treatment with 6-month dosing. S-365598/VH184 has already completed Phase 2a trials in an oral formulation, confirming antiviral efficacy equivalent to dolutegravir with high tolerability and safety, and the development of its ULA formulation is in progress.

SHIONOGI is advancing research on drug candidates with mechanisms distinct from integrase in ULA formulations, and has identified multiple promising compounds, including S-917091.

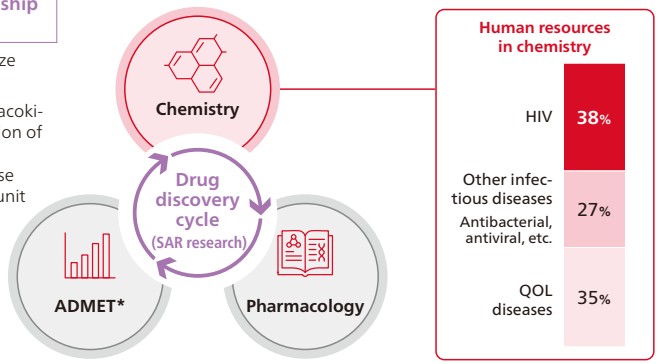
Allocation of human resources in research laboratories

Appropriate resource allocation: 38% of human resources in chemistry, which are the starting point for manufacturing, are invested in HIV research

Structure-Activity Relationship (SAR) research

- Chemistry: Design and synthesize molecules
- Pharmacology, ADMET (pharmacokinetics/safety): Profiling evaluation of compounds

Based on information from these above activities, the chemistry unit designs and synthesizes even better compounds. By repeating this cycle multiple times, lead compounds are refined into drugs.



* Pharmacokinetics/safety

From the Frontline

Technical development of ultra-long-acting (ULA) formulations that will support SHIONOGI

We want to relieve patients from the daily fear and suffering of HIV. With this passionate commitment, we persevered in technical development and succeeded in establishing ULA formulation technology. While there were various technical challenges, we overcame them one by one. Currently, through formulation development of S-917091, SHIONOGI's ULA formulation technology is evolving further. Please continue to look forward to the advancement of SHIONOGI's innovative ULA formulation technology.

Hironori Tanaka, Ph.D.
Shionogi & Co., Ltd.
Formulation R&D Laboratory

Research

Acute respiratory infections

Strategy

Acute respiratory infections, such as influenza and COVID-19, repeat a cycle of rapid outbreaks and subsidence, making their prediction difficult and resulting in significant market uncertainty. SHIONOGI aims to build a disease portfolio that is not subject to epidemic fluctuations by maintaining multiple acute respiratory infection treatments, including influenza drugs, COVID-19 therapeutics, and RSV infection treatments. We are also advancing regional expansion into the U.S. and Europe, and Asia to stabilize revenue through geographic diversification. Furthermore, we are developing proprietary rapid diagnostic tools and vaccines to provide solutions that go beyond treatment to include prevention and diagnosis. By building capabilities to provide integrated care from early diagnosis and treatment through vaccine prevention, we aim to create a sustainable business model that can prepare for societal risks in both normal times and pandemic situations.

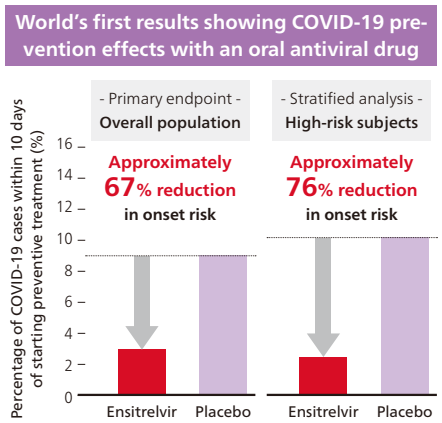
Dual treatment and prevention approach to the ongoing COVID-19 threat

COVID-19 continues to circulate globally with diverse variants still emerging. SHIONOGI began developing oral antiviral drugs from the early stages of the pandemic and continues to conduct multiple trials even after domestic approval. The SCORPIO-PEP trial, which tested the prevention efficacy of ensitrelvir (known as *Xocova* in Japan) in household members of patients, achieved its primary endpoint and became the world's first study to demonstrate prevention effects with an oral antiviral drug. High-risk patients, particularly the elderly and those with conditions like diabetes, have elevated risks of severe disease, and there are high expectations for this drug.

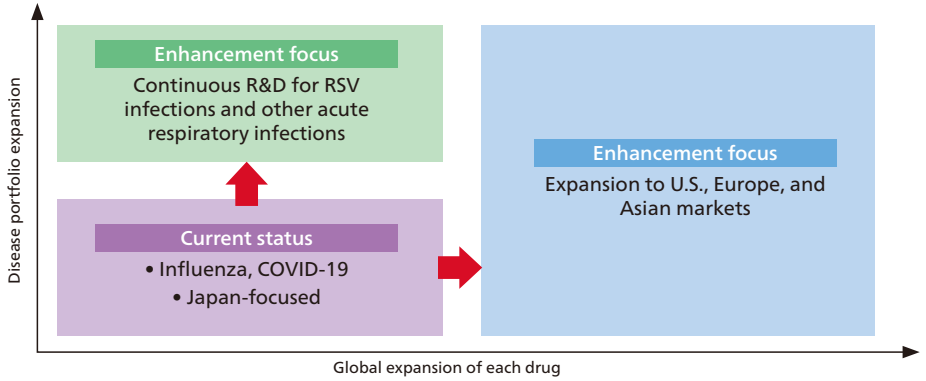
Based on this prevention data and existing trial results, we have completed regulatory submissions for prevention indication in the U.S. and for both treatment and post-exposure prevention indications in Europe. Additionally, we are conducting pediatric indication trials and studies examining effects on Long COVID to address the needs of diverse patients.

We are also advancing development of S-892216 as a next-generation COVID-19 treatment and prevention agent. By developing both oral and long-acting injectable formulations, we aim to provide new treatment and prevention options.

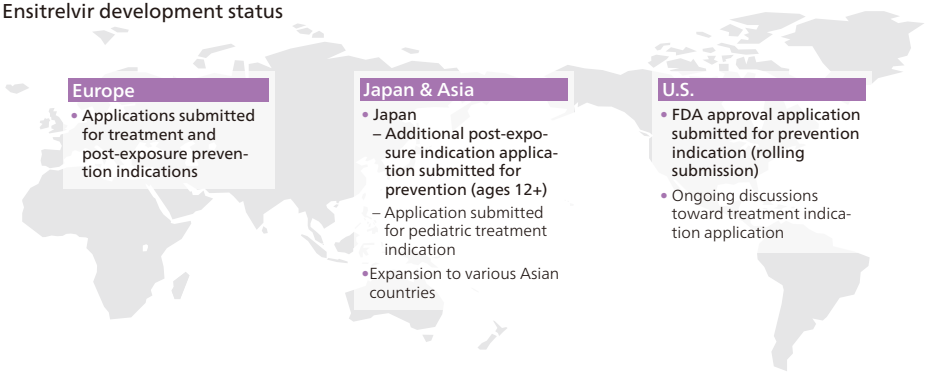
Phase 3 trial results (SCORPIO-PEP)



Acute respiratory viral infections: Portfolio diversification



Ensitrelvir development status



Research

Acute respiratory infections

Xofluza's transmission reduction effects and pediatric indication expansion efforts

There are approximately 1 billion cases of influenza worldwide annually, with 3-5 million severe cases and about 290,000-650,000 respiratory-related deaths.

SHIONOGI is the world's only pharmaceutical company offering multiple mechanisms of action for influenza treatment, with both intravenous *Rapiacta* and oral *Xofluza*, which powerfully suppresses viral replication with a single dose. *Xofluza* demonstrates high antiviral efficacy with single-dose administration and was the first in the world to prove transmission reduction effects in clinical trials, lowering household transmission risk when patients take the medication. Pediatric granule formulations are also in development, expanding application to broader age groups.

In this way, SHIONOGI is advancing R&D for intravenous drugs, oral medications, and pediatric formulations to provide multiple solutions for a single disease, achieving total care for influenza management.

Advancing oral treatment development for RSV infections

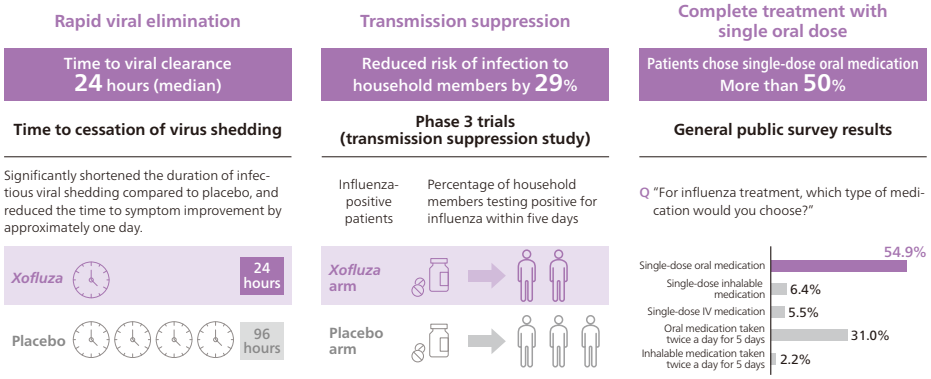
While RSV infection occurs at least once in a lifetime, it typically follows a mild course. However, infants and elderly individuals have high risks of severe disease, requiring early antiviral treatment. In the U.S., approximately 2.1 million children and 1.2 million people over 60 are estimated to be potential patients annually, yet no oral RSV infection treatments have been marketed.

SHIONOGI is developing oral RSV infection treatment S-337395, which targets the L protein involved in viral genome transcription and replication, potentially providing antiviral effects even after viral proliferation has progressed. In fact, the Phase 2a challenge trial confirmed significant viral load reduction in the treatment group, achieving PoC*.

We will continue accelerating R&D centered on S-337395 to provide new antiviral treatment options for broad age groups including infants and the elderly, realizing solutions for RSV infections.

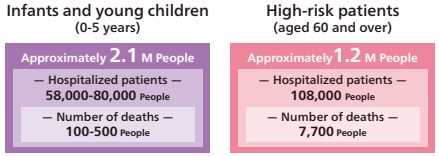
* PoC: Proof of Concept

Xofluza characteristics



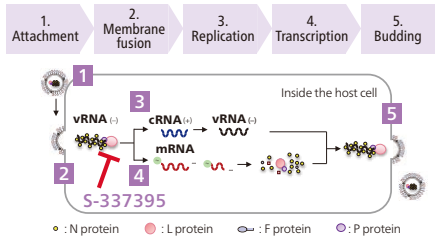
For details, please see FY2024 Q2 (interim) financial results presentation materials.

Potential patient numbers in the U.S.



Large market with over 3 million potential patients annually

Mechanism of S-337395



For details, please see FY2024 Q3 financial results presentation materials.

From the Frontline

Our mission in drug discovery: taking on diseases without treatments

RSV infections cause severe respiratory symptoms particularly in infants and elderly patients, leading to a similar number of hospitalizations as influenza. Our oral RSV infection treatment S-337395, which is currently in development, targets the L protein involved in viral genome replication and transcription, showing excellent viral reduction activity in Phase 2a trials. Driven by our mission to support patients, their families, and healthcare providers, we're advancing R&D toward early practical application.

Please also see the SHIONOGI Journal

Atsuko Yamamoto
Shionogi & Co., Ltd.
Laboratory for Drug Discovery and Disease Research

Research

Acute respiratory infections

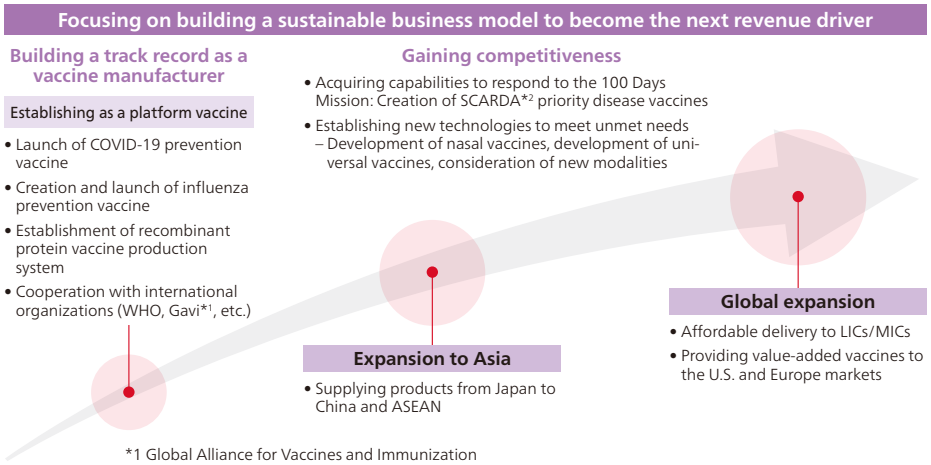
Toward realizing a vaccine platform

SHIONOGI is advancing vaccine development as a key pillar of total care for infectious diseases. Starting with the COVID-19 vaccine *Covgoze*, which received manufacturing approval in June 2024 and targets the original strain, we aim to build a vaccine platform. In the Phase 3 trial of the variant-adapted vaccine S-268024, the primary endpoint was met and a favorable safety profile was confirmed, marking steady progress toward vaccine supply. Moving forward, we will accelerate the development of our vaccine platform by advancing research and development on a COVID-19 universal vaccine and influenza nasal vaccines.

Efforts towards universal vaccines

Even after the COVID-19 pandemic, new variants of the novel coronavirus continue to emerge, with possibilities of resurgence remaining. Furthermore, various animal-origin coronaviruses have been identified in recent years, raising concerns about new pandemics from transmission of these viruses to humans. SHIONOGI is developing vaccines that are broadly effective against SARS-CoV-1/2 and animal-origin strains, working toward early initiation of clinical trials.

Initiatives and prospects for the vaccine business



*1 Global Alliance for Vaccines and Immunization
*2 Strategic Center of Biomedical Advanced Vaccine Research and Development for Preparedness and Response

SHIONOGI's Test to Treat vision

Infectious diseases threaten not only individual health but societal stability as a whole. SHIONOGI views early diagnosis and treatment as social infrastructure, and advances mechanisms that contribute to avoiding strain on healthcare systems and maintaining economic activity. We aim to realize a society where everyone, anywhere, can receive rapid diagnosis and optimal treatment when needed.

Toward realizing Test to Treat

To realize Test to Treat—connecting rapid infection identification to immediate treatment—we must overcome multiple challenges including improving speed and simplicity while maintaining diagnostic accuracy. SHIONOGI is advancing internal technical and operational considerations while exploring possibilities for partnerships and joint research with external partners possessing promising technologies.

From the Frontline

Development of universal vaccine through scientific excellence

Researchers involved in this vaccine development have established a new antigen design evaluation system by leveraging expertise in virology and immunology combined with IT. As a result, we have identified promising vaccine antigens from approximately 1,000 antigen candidates. We will continue our work with the conviction that creating an unprecedented universal vaccine will enable the realization of a safe and secure society.

Masaaki Sato, Ph.D.
Shionogi & Co., Ltd.
Vaccine R&D Laboratory

Research

Serious infectious diseases including antimicrobial resistance (AMR)

Economic impact of AMR

AMR is called a silent pandemic, and without countermeasures, it is estimated to cause 10 million deaths annually by 2050 with cumulative economic losses reaching $100 trillion. SHIONOGI launched the world's first siderophore cephalosporin antibiotic *Fetroja* (cefiderocol) in Europe and the U.S. starting in 2020, contributing to AMR countermeasures and the sustainability of healthcare systems through inclusion in the WHO Model List of Essential Medicines and application of a pull incentive system.

Expanding global access to cefiderocol and pursuing pediatric indications

As of April 2025, cefiderocol is marketed in 26 countries and regions including Japan, Europe, and the U.S. We are promoting information provision for proper use and real-world data collection while focusing on expansion to new markets. Recently, we completed regulatory submission in the large Chinese market with approval expected within fiscal 2025, and submitted in Australia in December 2024. In other regions, we plan to sequentially expand sales territories through partnerships to deliver this drug to more patients. Additionally, we are advancing Phase 3 trials aimed at expanding indications to pediatric patients.

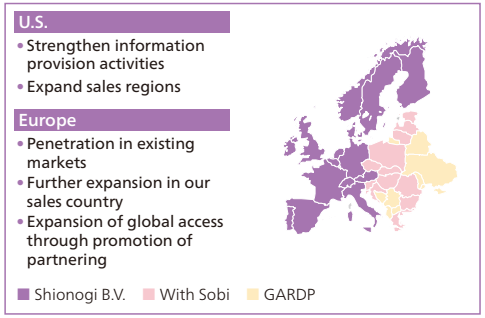
Strengthening AMR research framework through opening of Shionogi Qpex Lab.

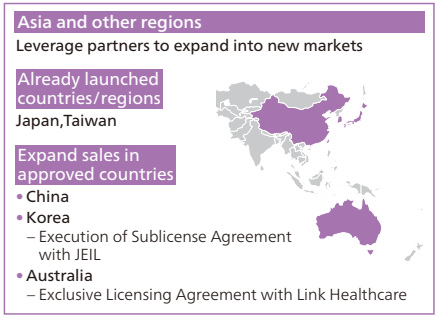
Continuously advancing R&D against AMR to prepare for future threats is extremely important. SHIONOGI made U.S.-based Qpex Biopharma, Inc. a wholly owned subsidiary in July 2023. We also opened the flagship Shionogi Qpex Lab. in San Diego, U.S. in April 2025, further strengthening our bacterial infection treatment drug research structure. Here, we are advancing R&D for injectable S-649228 combining the new β-lactamase inhibitor xeruborbactam with cefiderocol, and the oral treatment S-743229 combining xeruborbactam with ceftibuten, while leveraging collaborations with academia, startup companies, and U.S. government agencies to expand our bacterial infection treatment pipeline including AMR infection therapeutics.

Furthermore, Shionogi Qpex Lab. conducts drug discovery research toward creating new treatments not only for AMR infections but also for tuberculosis and NTM (nontuberculous mycobacterial infections), advancing broad initiatives that comprehensively address future infectious disease risks.

Opening ceremony of Shionogi Qpex Lab.

Promote proper use and further expand global access to cefiderocol





Taking on serious infectious disease with novel antifungal drug olorofim

SHIONOGI is also strengthening responses to serious infectious disease areas beyond AMR. The novel antifungal drug olorofim, licensed from F2G in 2023, is expected to show high efficacy against invasive aspergillosis, which is common in immunocompromised patients. We are currently conducting Phase 3 trials in Europe and Asia, aiming for rapid practical application after approval.

From the Frontline

Advancing Research to Combat *Mycobacterium abscessus* Infections Globally

Christos Galanis, Ph.D.
Qpex Biopharma, Inc.

At Qpex, I bring specialized expertise in *Mycobacterium abscessus*, a notoriously drug-resistant pathogen that is both difficult to treat and challenging to study. Its complex biology and resistance mechanisms make research particularly demanding, requiring innovative approaches and persistence. To support this mission at Qpex, I've introduced bioinformatic tools and novel research approaches to accelerate discovery and deepen our understanding. I envision a world where medicine is available to all and bacterial infections like *M. abscessus* are no longer lethal and no longer impose a heavy burden on those who suffer from them. My greatest aspiration is to contribute scientific breakthroughs that directly improve lives and deliver lasting value to humanity through research.

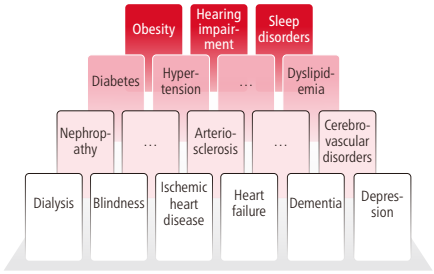
Research

QOL diseases

Approach to QOL disease efforts

SHIONOGI focuses on QOL disease areas such as hearing impairment, sleep disorders, and obesity. These are social problems that broadly affect people due to aging and changes in modern lifestyles, causing serious secondary diseases and conditions like dementia, cardiovascular disease, and depression, becoming factors that shorten healthy life expectancy and actual lifespan.

Time sequence of diseases (Illustration)



Through approaches targeting these types of fundamental factors that lead to multiple diseases and conditions, we aim to meet significant unmet needs that are not yet visible. Beyond the above, we are also advancing R&D for diseases with large market sizes and high unmet needs.

For these diseases, we aim to provide optimal total care suited to pathological conditions by incorporating not only drug treatments but also non-drug therapies such as digital therapeutics and device-enhanced approaches. We also aim to achieve further improvements in treatment precision by accurately understanding each patient's pathological mechanisms through development of new diagnostic technologies. Furthermore, we will actively leverage partnerships with external partners possessing specialized knowledge, including healthcare companies, startups, and research institutions, to enhance drug discovery speed and quality.

R&D process focused on early achievement of clinical PoC

SHIONOGI has introduced a system (back-translation) that designs experiments based on initial efficacy data obtained from clinical trials in non-clinical disease evaluation, aiming to increase drug discovery success rates in QOL diseases. To confirm treatment target validity early, we are advancing translational research that connects basic research and clinical trials, building more reliable R&D processes by using the same indicators (PoC, PoM, PoA)* and objective evaluation criteria in non-clinical settings as in clinical practice. Through this approach, we are actively taking on conditions considered intractable, such as hearing impairment and sleep apnea syndrome.

* PoC: Proof of Concept, PoM: Proof of Mechanism, PoA: Proof of Activity

QOL diseases with high social impact

Potential for novel treatment approaches to sleep disorders

Obstructive sleep apnea syndrome (OSAS) is a disease with high social impact that reduces labor productivity and increases risks of complications like hypertension, diabetes, cardiovascular disease, and stroke, with untreated cases showing significant reduction in life expectancy. In October 2023, SHIONOGI established a joint venture company Shionogi-Apnimed Sleep Science, LLC with Apnimed, Inc. to address challenges in sleep disorder. We aim to create promising solutions for OSAS by combining SHIONOGI's small-molecule drug discovery capabilities with Apnimed's scientific expertise and global clinical networks.

W e are currently advancing development of SASS-001, which is a combined drug with S-600918, while also introducing sulthiame into our development pipeline. Sulthiame has shown favorable results in European clinical trials involving approximately 300 OSAS patients. Furthermore, we are pursuing multiple projects with the goal of building a framework that can provide optimal treatment options for OSAS patients across its diverse pathological presentations.

From the Frontline

Sleep apnea syndrome - aiming for rapid delivery of new treatment solutions

Sleep, which occupies approximately one-third of life, is essential for maintaining physical and mental health. There is growing demand for convenient drug treatments for sleep apnea syndrome, a condition that impairs sleep quality, in addition to mask-based therapies. The joint venture we established with Apnimed, Inc. conducts R&D for multiple innovative oral treatments. Leveraging both companies' strengths and proprietary evidence, we are helping to improve people's lives through higher quality sleep via active cross-border discussions and flexible, rapid decision-making.

Ryuta Tamano
Shionogi & Co., Ltd.
Laboratory for Drug Discovery and Disease Research

Research

QOL diseases

The challenge of creating hearing impairment treatments

With increased earphone use, 1.1 billion young people worldwide are at risk for hearing impairment. Approximately 500 million people are affected, with one-quarter of the world's population predicted to experience hearing impairment by 2050. Hearing impairment is the greatest risk factor for dementia onset and represents high unmet need due to lack of effective drugs. The market is expected to grow at approximately 6% annually and reach about ¥1.8 trillion by 2030.

SHIONOGI acquired option rights for CIL001 and CIL003 from Cilcare in 2024. The auditory nerve protective effects of CIL001 have been confirmed in non-clinical studies, with Phase 2a trials scheduled to begin in fiscal 2025. We will decide whether to exercise our option rights based on the trial results.

Furthermore, SHIONOGI is building a joint research framework with Cilcare, aiming to integrate their non-clinical evaluation technologies and clinical data. We aim to strengthen non-clinical capabilities, accelerate drug discovery through novel mechanisms, and discover hearing impairment treatments at an early stage.

Potential of PDE4D inhibitors for rare diseases (Fragile X syndrome/Jordan syndrome)

Fragile X syndrome (FXS) is a rare disease involving intellectual disability and autism spectrum-like symptoms, with global patient numbers estimated in the tens of thousands. While understanding of onset mechanisms is advancing, there are still no effective treatments, making this an area of high unmet need.

SHIONOGI is developing zatolmilast, a small-molecule therapeutic targeting Phosphodiesterase 4D (PDE4D). Phase 2 trials showed improvement trends in overall cognitive function, with particularly notable improvement in language function. Having received orphan drug designation in the U.S. and Europe, and rare pediatric disease designation in the U.S., we are conducting clinical trials in multiple countries aiming for regulatory submission for FXS indication within fiscal 2026. We have also begun clinical trials for Jordan syndrome indication, working on indication expansion. Additionally, for next-generation PDE4D inhibitor S-898270, based on non-clinical data suggesting efficacy at lower doses with high safety expectations, we began Phase 1 trials for Alzheimer's disease indication in the 1st quarter of fiscal 2025.

QOL disease market size

Sleep Apnea Syndrome	HearingLoss	Fragile X syndrome	Pompe disease
Estimated prevalence	The issue of hearing loss due to earphones	Market size	Existing market
900 million people	Patients exposed to potential risks 1.1 billion people	Over ¥20 billion	200 billion yen
Impact on lifespan	Symptomatic therapy is common	Rare pediatric disease	Patients wanting new options
8-year survival rate compared to healthy individuals 63%	Effective treatment for hearing loss 0	Treatments for Fragile X syndrome indication 0	Not satisfied with existing treatments 72%

For details, please see SHIONOGI R&D Day 2024 presentation materials.

Advancing development of novel oral treatment for the rare disorder Pompe disease

Pompe disease is a glycogen storage disorder caused by acid α-glucosidase deficiency. It is a rare disease estimated to affect approximately 2 per 100,000 people globally with 5,000-10,000 patients worldwide. Infantile-onset forms become severe early, while late-onset forms cause progressive muscle weakness and respiratory dysfunction. Current intravenous enzyme replacement therapy (ERT) has challenges with enzyme delivery and persistence in muscles, as well as a high burden from frequent hospital visits, creating demand for new options like oral small-molecule therapeutics.

SHIONOGI in-licensed oral small-molecule therapeutic candidate S-606001 from Maze Therapeutics. S-606001 improves intracellular glycogen metabolism through a different mechanism than ERT, with Phase 1 trials confirming glycogen reduction in muscle tissue. We plan to begin Phase 2 trials within fiscal 2025, aiming to create new treatment options while also verifying the clinical benefits of ERT combination therapy.

From the Frontline

Taking on the invisible social challenge of hearing

Hearing impairment affects approximately 500 million people worldwide and is considered the greatest risk factor for dementia, yet effective treatments still do not exist. SHIONOGI is collaborating with Cilcare, a leader in hearing impairment R&D, to advance the creation of development candidates for early-stage hearing impairment leveraging SHIONOGI's drug discovery capabilities. Working with our internal Communication Barrier-Free Project, we are taking on the invisible social challenge of hearing from both treatment and understanding perspectives, aiming to contribute to healthy and prosperous lives.

Hideaki Kato, Ph.D.

Shionogi & Co., Ltd. Laboratory for Drug Discovery and Disease Research

Please also see the SHIONOGI Journal

Research

SHIONOGI's pipeline to support growth

Infectious diseases
(as of July 28, 2025)

Preclinical	Phase 1	Phase 2	Phase 3	Submission
• **S-567123** COVID-19 Universal vaccine • **S-872600** Influenza nasal vaccine • **S-875670** COVID-19 nasal vaccine • **S-540956** Nucleic acid adjuvant • **S-554110** Nontuberculous mycobacterial infection • **S-917091** HIV infection	• **S-743229** AMR (Complicated urinary tract infection) • **S-649228** AMR (Gram-negative bacterial infection) • **S-892216** COVID-19 (Long-acting injectable・pre-exposure prophylaxis)	• **S-337395** RSV infections • **S-892216** COVID-19 treatment (Oral pill・treatment)	• **Cefiderocol** Aerobic Gram-negative bacterial infection (Pediatric) • **S-268023** COVID-19 vaccine (XBB 1.5) • **S-268019** COVID-19 vaccine (Ages 5-19)	• **Olorofim** Invasive Aspergillosis • **S-268024** COVID-19 vaccine (JN.1)	• **Ensitrelvir** COVID-19 treatment • **Ensitrelvir** COVID-19 PEP • **Baloxavir** Influenza virus infection (Granules, < 20kg) • **Cefiderocol** AMR (Gram-negative bacterial infection) • **Ensitrelvir** COVID-19 treatment (Ages 6-11)
Out license		• **S-365598** HIV infection		● **Baloxavir** Influenza virus infection (Transmission)

QOL diseases with high social impact
(as of July 28, 2025)

Preclinical	Phase 1	Phase 2	Phase 3	Submission
• **S-540956** Nucleic acid adjuvant • **S-109802** Post-stroke spasticity	• **S-151128** Chronic pain • **S-588210** Solid tumor • **S-740792** Gait disorders associated with multiple sclerosis • **S-898270** Alzheimer's disease	• **S-309309** Obesity • **S-531011** Solid tumor • **Naldemedine** Opioid-induced constipation (pediatric) • **S-588410** Bladder cancer • **S-488210** Head and neck squamous cell carcinoma • **Zatolmilast** Jordan syndrome • **SASS-002** (Sulthiame) Obstructive sleep apnea • **S-606001** Pompe disease	• **Redasemtide** Acute ischemic stroke • **Redasemtide** Epidermolysis bullosa • **Zatolmilast** Alzheimer's disease • **ADR-001** Decompensated liver cirrhosis • **S-222611 [Epertinib]** Malignant tumor • **SASS-001** (S-600918 +Combination medicine) Sleep apnea with a central component	• **Resiniferatoxin [GRT7039]** Pain associated with knee osteoarthritis • **Zatolmilast** Fragile X syndrome • **S-588410** Esophageal cancer • **SR-0379** Cutaneous ulcer • **SDS-881** Dementia (AI program for cognitive function testing)	• **Zuranolone** Depression • **Naldemedine** Opioid-induced constipation
Out license			• **S-723595** Type 2 diabetes	

Produce

Message from the Senior Executive Officer in charge of the Supply Supervisory Unit

Akira Kato, Ph.D.

Senior Executive Officer,
Senior Vice President,
Supply Supervisory Unit

Fulfilling social responsibility through evolution of production systems for enhanced stable supply

SHIONOGI has worked to strengthen stable product supply systems to fulfill our social responsibility in the infectious disease field. In fiscal 2024, we made progress in establishing production and supply systems that can flexibly respond to demand fluctuations caused by viral infectious disease outbreaks for key products like *Xofluza* and *Xocova*, achieving certain results. We also advanced the introduction of AI-powered production management systems and technology for continuous manufacturing, aiming for further production efficiency and speed. In quality assurance, we confirmed that we are achieving product supply with high-reliability quality and received no significant findings in our domestic and international inspections.

However, challenges toward achieving sustainable supply systems became clear, including strengthening global response capabilities such as supply risk diversification. In particular, it will become increasingly important to strengthen export systems from our current main domestic manufacturing bases to overseas markets, establish local production systems tailored to each country's needs, and achieve supply chain diversification and optimization of global inventory placement. By addressing these issues, we aim to establish a system that can achieve flexible and rapid stable product supply globally.

We will also achieve both economic efficiency and reliability through cost structure visualization, advanced management accounting, and quality control innovation leveraging DX. SHIONOGI will steadily advance our production and supply strategies to reliably deliver necessary products to patients worldwide.

Material issues to focus on

Strengthen supply chain management

Supply socially responsible products and services

In order for a company to fulfill its social responsibilities, it is important for SHIONOGI to build relationships of trust and collaborate not only within its own corporate group but also with its business partners. SHIONOGI is strengthening its supply chain management by collaborating with its suppliers, building a resilient supply chain, visualizing it, and reducing potential risks based on the SHIONOGI Group Procurement Policy and the SHIONOGI Group Business Partner Code of Conduct, as it seeks to achieve stable supply and quality assurance.

Vision Global supply chain resilience

Strategy

Improving global supply speed and capability	Sustainable procurement considering environment, human rights, and occupational health and safety	Building sustainable distribution systems for acute infectious disease drugs	Improving quality and efficiency of in-house production systems
• Building global networks with preferred CMOs and suppliers	• Strengthening ESG management systems in accordance with international norms and standards • Effective utilization of medical resources (promoting waste reduction)	• Ensuring a stable global supply of antimicrobials and antivirals	• Fostering Quality Culture • Refining production planning through DX • Advancement of technology for continuous manufacturing

EcoVadis Assessments (cumulative through March 2025)
150 companies

Percentage of suppliers meeting established criteria
94.7%

Percentage of key direct material suppliers agreeing to code of conduct*
97%

* SHIONOGI Group Business Partner Code of Conduct

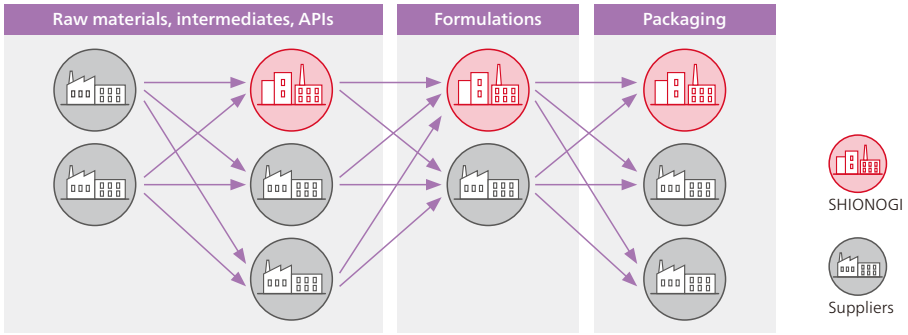
Produce

Stable supply

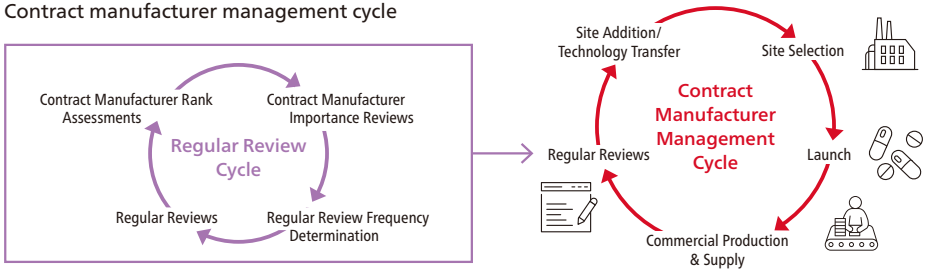
Sustainable supply chain strengthening initiatives

At SHIONOGI, we actively promote multi-source procurement, inventory optimization, and export route diversification to ensure stable product supply and minimize stockout risks. Particularly for priority and controlled products, we are advancing diversification of APIs and formulation procurement sources while setting a certain inventory level to respond to sudden demand fluctuation risks, strengthening supply chain resilience. For major products (such as *Xofluza*, *Xocova*, and *Fetroja*), we are adding second manufacturing sites to diversify supply risks. We are also enhancing global supply system stability through export route diversification that remains unaffected by natural disasters or civil unrest, and strengthening procurement strategies linked to refined supply-demand forecasting. We will continue building supply chains that can flexibly respond to changes in the external environment.

Supply chain resilience through multi-sourcing



Contract manufacturer management cycle



As a mechanism supporting these initiatives, SHIONOGI systematically operates supplier management cycles. Through supplier rank assessments and regular reviews, we conduct technology transfer and site selection, progressively building supply systems to mass production and commercial production. Through this series of processes, we strengthen sustainable supply chains while ensuring quality and reliability.

Achieving high quality and stable supply through DX

At SHIONOGI, we are driving DX (Digital Transformation) and strengthening manufacturing and quality control systems to achieve high-quality and stable product supply. As one example, Shionogi Pharma Co., Ltd. has introduced an AI-powered production management system for rapid manufacturing planning (manufacturing, testing, personnel) and is currently conducting operational verification. Beyond streamlining production planning and changes, we aim to improve accuracy and speed of medium- to long-term simulations, visualize personnel and production capacity needed to achieve production plans, and actively implement human resource development and capital investment to reliably achieve high-quality and stable product supply.

From the Frontline

Toward next-generation production management processes centered on AI collaboration and digital technology—taking on the challenge of production management DX

We are taking on the challenge of constructing an AI-powered automated planning system in collaboration with Hitachi, Ltd. for production planning and related operations that have been difficult to digitalize. Through efforts by project team members and dialogue with the factory floor, function development and data visualization are progressing steadily, giving us a real sense of achieving what was previously impossible. Through cooperation with management, we will promote the development, utilization, and internal deployment of this system, contributing to building next-generation production management systems at SHIONOGI.

Kazuhiro Ikeda
SHIONOGI Pharma Co., Ltd.
Supply Chain Management Dept.

Produce

Stable supply

Assessment and engagement for sustainable procurement

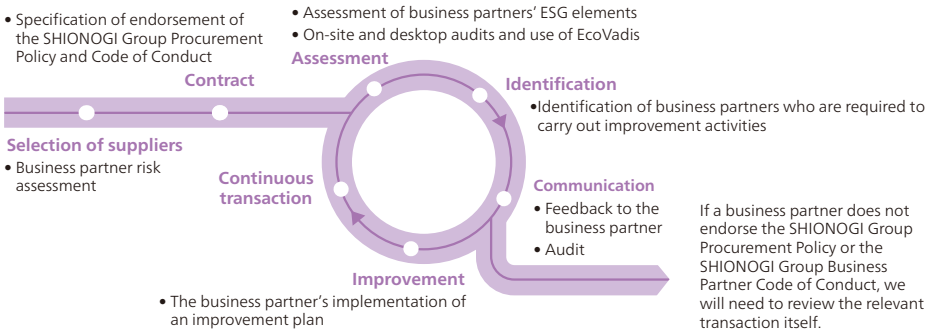
We have established the SHIONOGI Group Procurement Policy and SHIONOGI Group Business Partner Code of Conduct, promoting initiatives toward responsible procurement that considers human rights, labor environment, global environment, and ethical aspects. As part of this, we have built assessment flows for sustainable procurement, evaluating supplier initiatives regarding human rights and environment, and promoting improvements through dialogue as needed.

In fiscal 2024, we requested agreement to the SHIONOGI Group Business Partner Code of Conduct from key direct material suppliers, obtaining endorsement from 97% of companies. We have also requested key suppliers to undergo EcoVadis assessments—a rating platform for evaluating corporate social responsibility and sustainable procurement—completing assessments for a cumulative total of 150 companies by confirming results. For suppliers we identified as needing improvement against SHIONOGI's standards, we request corrective action through dialogue. As a result, 10 of the 18 suppliers we requested action from showed improvements exceeding SHIONOGI's established EcoVadis score levels.

For suppliers related to important development products and AMR (antimicrobial resistance), we conduct assessments using PSCI*-provided questionnaires and on-site audits (including contracted audits) according to a plan, implementing supplier-specific risk confirmation including manufacturing process safety assessments and evaluation of locally applicable regulations. For issues identified through audits, we agree on corrective action plans with suppliers and have them proceed with improvement activities.

* Pharmaceutical Supply Chain Initiative

Sustainable procurement assessment flow

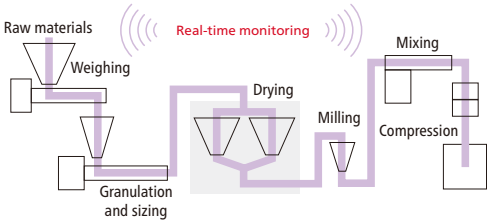


Innovation in pharmaceutical manufacturing through technology for continuous manufacturing of pharmaceuticals

Technology for continuous manufacturing of pharmaceuticals is an innovative approach with the potential to significantly transform pharmaceutical manufacturing. While conventional manufacturing methods called batch manufacturing require significant time and cost for scale-up, continuous manufacturing can shorten development periods, reduce API usage, and flexibly respond to demand changes. This enhances efficiency and flexibility throughout the manufacturing process. It also achieves stable quality control from the development stage through commercial production.

At Shionogi Pharma Co., Ltd., we position this technology for continuous manufacturing of pharmaceuticals as a pillar of our technology development strategy and have worked on establishing the technology at an early stage. We will further promote continuity and automation of manufacturing processes for APIs, intermediates, and formulations, aiming to build sustainable manufacturing systems.

Continuous manufacturing of pharmaceuticals



From the Frontline

Building flexible and efficient supply systems through technology for continuous manufacturing of pharmaceuticals

To make pharmaceutical manufacturing more efficient and flexible, we engaged in innovative technology development of continuous manufacturing and were one of the first companies to achieve practical implementation. With few domestic precedents, we created highly reliable manufacturing processes by utilizing equipment design, manufacturing process innovations, and advanced analytical technologies, obtaining approval for this new manufacturing method. We will continue to take on the challenge of technological innovation, contributing to building mechanisms that can deliver pharmaceuticals stably and rapidly.

Kentaro Hayashi, Ph.D.
SHIONOGI Pharma Co., Ltd. Manufacturing Technology Dept.

Produce

Ensuring quality and safety

Responsible reliability assurance system

Based on the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (Pharmaceuticals and Medical Devices Act), SHIONOGI has built a management system centered on the General Manager of Manufacturing and Marketing under the responsibility of designated executives, with the three key manufacturing and marketing roles. We conduct planned audits of supply chains including domestic and international manufacturing sites, and by collecting and evaluating post-marketing safety information, strive for regulatory compliance and quality/safety assurance to provide highly reliable products and services.

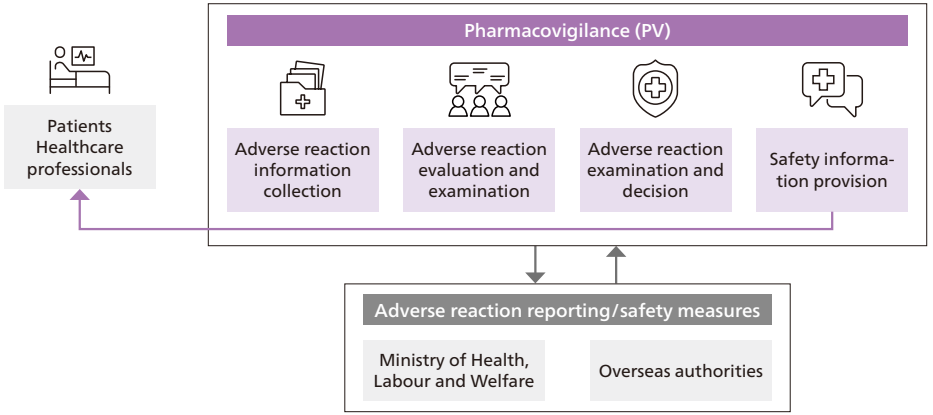
Establishing safety surveillance systems

To minimize risks and maximize the value of pharmaceuticals and medical devices, it is important to continuously cycle pharmacovigilance (PV) activities that collect, evaluate, and examine safety information such as adverse reactions and implement necessary measures such as package insert revisions. Based on the SHIONOGI Group Pharmaceutical Safety Policy, SHIONOGI prioritizes safety of patients and clinical trial subjects, conducts consistent PV activities from development through post-marketing, and has built a global system in collaboration with overseas group companies. We are currently advancing PV process reform, promoting system strengthening together with PV members from overseas group companies, including quality improvement in clinical trial safety management and consideration of new signal management* methods.

Correct understanding and action regarding pharmaceutical and medical device safety is a fundamental attitude required of all management and employees. For medical information representatives, we conduct regular education reflecting the latest safety information and response policies, improving appropriate information provision and response capabilities in the field. Furthermore, we conduct annual education for management and all employees, working to enhance PV awareness.

* A series of processes to detect, verify, and evaluate information suggesting potential causal relationships between pharmaceuticals and adverse events (signals) and implement safety measures as necessary

Safety surveillance system (pharmacovigilance)



Fostering Quality Culture

At SHIONOGI, we consider quality as one of our important corporate values and work on fostering Quality Culture globally across the entire Group. In collaboration with domestic and international manufacturing sites including Shionogi Pharma Co., Ltd., we share quality improvement initiatives and deepen understanding through audits and regular educations. We also create opportunities for self-reflection through factory visits and workshops with other companies in the industry, promoting Quality Culture development. Additionally, we hold the Global Compliance & Quality Week annually across the entire Group, promoting understanding of the importance of data integrity through events and always advancing quality activities based on regulatory compliance.

From the Frontline

Safety surveillance activities with globally unified standards

Pharmaceutical companies need to monitor safety risks based on safety information from around the world. At SHIONOGI, we collect and evaluate safety information using globally unified standards, achieving appropriate risk management. For our global expansion, which will accelerate even more in the future, we will strive for quality improvement by controlling global safety surveillance activity standards to ensure patient safety worldwide.

Takuya Hara

Shionogi & Co., Ltd. Pharmacovigilance Dept.

Promote

Message from the Senior Executive Officer in charge of the Healthcare Business Supervisory Unit

Toshinobu Iwasaki, Ph.D.

Senior Executive Officer,
Senior Vice President,
Healthcare Business Supervisory Unit

Toward Evolution of Global Healthcare

In fiscal 2024, we built a foundation for SHIONOGI's sustainable growth through the growth of focus products centered on infectious diseases and the central nervous system domain. Domestically, products like *Xocova*, Xofluza, and *Quviviq* penetrated the market in response to healthcare field needs, while the U.S. business achieved 30.6% growth year-over-year centered on *Fetroja*. In Europe, we established a sustainable supply system for *Fetcroja*, and in China, the transition to the new drug business is progressing. However, recognition and understanding of new treatment options requires time, and disease awareness and improved access to healthcare are challenges for future growth. Additionally, differences in each country's systems and approval processes require flexible and strategic responses for pharmaceutical development.

Fiscal 2025 is the final year of Phase 2 of STS2030 Revision and a critical juncture that will determine SHIONOGI's future. Centered on responses to acute respiratory infections, AMR, and QOL diseases, we will promote domestic and international businesses in an integrated manner, aiming to achieve both social and economic value. We will advance product strategies and policy coordination aligned with regional medical needs, while seriously addressing challenges and working to build sustainable growth models. As we work toward improving patient health and quality of life, we will continue innovation, deepen our stance as a trusted company, and accelerate SHIONOGI's evolution with the entire company united.

Material issues to focus on

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

As we work toward global realization of our company policy "SHIONOGI strives constantly to supply the best possible medicine to protect the health and wellbeing of the patients we serve," we aim to enhance our global presence by developing and accelerating our healthcare businesses domestically and internationally. These businesses cover care for presymptomatic conditions, prevention, diagnosis, treatment, and prognosis, including maximizing the OTC pharmaceutical business, with growth in infectious disease prescription drugs centered on *Xocova*, *Xofluza*, and *Fetroja* as our core.

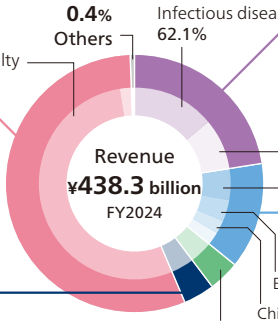
Vision

Significant Growth of Domestic Business and Advancement/Acceleration of Globalization Centered on Growth in Prescription Drugs and the OTC Pharmaceutical Business Particularly in the Field of Infectious Diseases

Strategy

- **Japan:** Pioneering the market as a leading company in infectious diseases, contributing to QOL diseases such as insomnia
- **U.S.:** Enhancing our presence as a top infectious disease treatment manufacturer centered on *Fetroja* (cefiderocol), building optimal sales systems for ensitrelvir marketing
- **Europe:** Selecting optimal business models for each country without limiting our business to direct sales, effective and efficient expansion of supply countries
- **China:** Building new drug business foundation centered on *Fetroja* (cefiderocol)
- **Taiwan:** Significant growth in acute infectious disease treatments
- **ASEAN:** Early market entry

Revenue breakdown



55.8%
Royalty income
Receiving royalties based on sales as consideration for anti-HIV drug licensing to U.K. ViiV Healthcare and others ▶P.54

22.5%
Prescription drugs
Sales of prescription drugs centered on infectious disease and QOL disease areas in Japan ▶P.47

13.5%
Overseas subsidiaries/export
Sales of prescription drugs in countries and regions including U.S. and Europe, and Asia ▶P.49

3.8%
OTC and quasi-drug
Sales of OTC and quasi-drugs available without prescription at pharmacies and drugstores ▶P.53

3.9%
Contract manufacturing

Promote

Japan - Domestic Prescription Drug Business

Yoshinori Yurugi

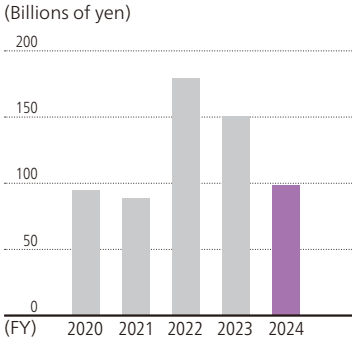
Senior Vice President, Pharmaceutical Commercial Division

Responsible information provision and collection activities to address social issues

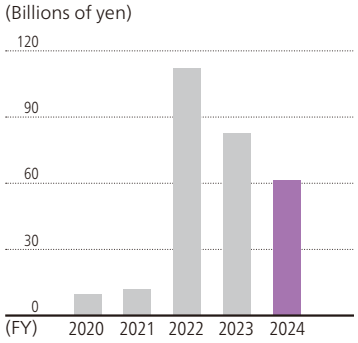
The Pharmaceutical Commercial Division is committed to contributing to the resolution of social issues through information provision and collection activities that meet the needs of healthcare settings in areas including infectious diseases and QOL diseases. In the infectious disease field particularly, rapid and accurate information provision is required in response to outbreak situations, and we are implementing activities tailored to regional characteristics under flexible strategies while strengthening collaboration with the Integrated Disease Care Division. We are also advancing the development of an information provision system that integrates real-world and digital approaches, supporting improvements in healthcare quality and patients' quality of life by delivering optimal information to healthcare professionals.

The Promotion Code violation incident that occurred in fiscal 2024 resulted in a loss of trust among stakeholders and patients. Learning from this experience, we are working to prevent recurrence by enhancing detection sensitivity through revisions to our internal monitoring system and by improving employee education. We will continue to emphasize ethics and transparency, thoroughly implementing trustworthy information provision activities.

Domestic prescription drug revenue



Infectious disease therapeutic revenue



Xocova market share* Approx. 65% (average)

Prescription expansion particularly among patients with severe risk factors

* Quoted from JAMDAS

Strategic information provision system through divisional collaboration

At SHIONOGI, the Integrated Disease Care Division and Pharmaceutical Commercial Division collaborate to address social issues through information provision and collection activities for prescription drugs. The Integrated Disease Care Division takes a comprehensive view of the entire healthcare spectrum—from pre-disease care, prevention, diagnosis, treatment, to prognosis—and develops comprehensive strategies while leveraging digital technology. The Pharmaceutical Commercial Division integrates the formulated strategies with regional strategies across five sales divisions nationwide, implementing information activities tailored to regional characteristics.

For SHIONOGI, which focuses on acute infectious diseases as one of its main therapeutic areas, flexible strategy and tactical revisions in response to changing outbreak situations are essential for delivering necessary therapeutics to patients quickly and reliably. Both divisions work in close collaboration, aiming to achieve healthcare solutions that contribute to society with speed.

Building a new information provision system that integrates digital and real-world approaches

Healthcare professionals' information gathering methods have diversified beyond face-to-face interactions with medical representatives to include internet-based channels and other approaches. In response to these changes, we established the Digital Marketing Office in April 2025. We have developed infrastructure that enables centralized management of internal and external data and are promoting an omnichannel strategy that integrates

From the Frontline

Pride as HIV specialists

To improve the quality of life for HIV patients in Japan, we are deploying co-promotion activities for our proprietary anti-HIV drugs in collaboration with ViiV Healthcare, working as specialists who have passed strict internal standards. To ensure that patients suffering from HIV can receive appropriate medical care anywhere in the country, we will continue appropriate and accurate information provision activities while also supporting medical staff to enable participation from more facilities in treatment.

Masayuki Chiba

Shionogi & Co., Ltd.
Sales Promotion Dept.

Promote

Japan - Domestic Prescription Drug Business

real-world and digital information provision channels. Furthermore, through Stream-I, Inc., we are improving the efficiency of information provision and collection activities using AI, while also focusing on training highly specialized medical representatives. We are advancing the development of a system that effectively and efficiently delivers appropriate and accurate information to those who need it.

Addressing social issues and market leadership through infectious disease therapeutics

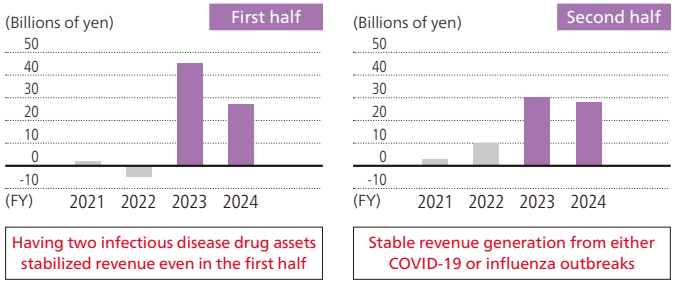
Influenza and COVID-19 affect tens of millions of people annually, creating significant burdens on society through impacts on work and education, as well as risks of hospitalization due to severe cases and death, particularly among elderly populations. Under these circumstances, there is growing demand for therapeutics that enable patients to return quickly to their daily lives.

The influenza therapeutics *Xofluza* and *Rapiacta*, and the COVID-19 therapeutic *Xocova* are widely used as treatments that meet these needs, and in fiscal 2024, *Xofluza* and *Xocova* achieved top market shares in the influenza and COVID-19 therapeutic markets, respectively. *Rapiacta* also achieved the top usage rate among hospitalized influenza patients. Furthermore, *Xofluza* has been confirmed to have the effect of suppressing infection transmission to cohabiting family members through therapeutic administration, making it possible to provide new value for antiviral drugs. *Xocova* has also been confirmed as the first COVID-19 therapeutic to be effective for prophylactic administration, with indication also expected to expand to children aged 6 to 11 years.

Domestic business results

Two infectious disease drug assets enable the acute respiratory infection business to contribute stably to performance throughout the year

Trends in semi-annual acute respiratory infection business revenue



Having two infectious disease drug assets stabilized revenue even in the first half

Stable revenue generation from either COVID-19 or influenza outbreaks

Influenza family sales
COVID-19 therapeutic + influenza family sales

While sales of these infectious disease therapeutics are subject to outbreak fluctuations, by having product portfolios for multiple infectious diseases and expanding indications to include pediatric use and prophylactic administration, we have built a system that can expect stable revenue throughout the year. We will continue to aim for sustainable growth while contributing to the resolution of social issues.

Innovative treatment development in psychiatry and neurology

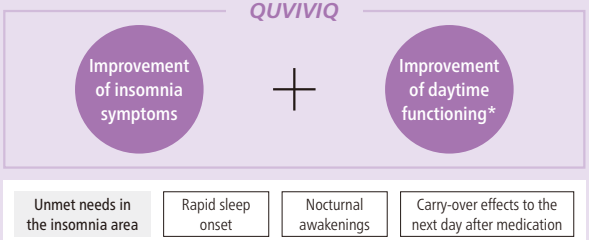
In December 2024, we began marketing *QUVIVIQ*, a treatment for insomnia. This drug is the third orexin receptor antagonist in Japan and is expected to serve as a new treatment option enabling more comprehensive care, as we have obtained data on daytime functional improvement in addition to insomnia symptom improvement.

In pediatric ADHD, *ENDEAVORRIDE* received approval in February 2025. As the first program medical device in this field, it provides a new therapeutic approach different from drug treatment and has generated high expectations from many patients and parents.

The depression treatment candidate Zuranolone is an innovative therapeutic with a novel mechanism of action different from conventional antidepressants, with expected fast action. In our domestic Phase 3 trial, symptom improvement was confirmed from day 3 of administration in patients with moderate to severe depression. Manufacturing and marketing authorization applications have been completed in Japan, and we expect to provide a new treatment option for the estimated 5 million patients with depression.

Through these initiatives, SHIONOGI continues to challenge itself to contribute to improving quality of life for many patients suffering from psychoneurological diseases.

Maximize product value early to address unmet needs in the field of insomnia



* Lancet Neurol 2022; 21: 125–39.

Promote

U.S.

Nathan McCutcheon

Shionogi Inc.
President and CEO

Shionogi Inc. focused on becoming a larger contributor to overall Shionogi success

In the last 5 years Shionogi Inc has transitioned from an unprofitable business to a rapidly growing business with increasing sales and profitability! In FY24 SI was proud to achieve the fastest growing segment of Shionogi's overall business with a 30.6% growth in revenue (based on JPY).

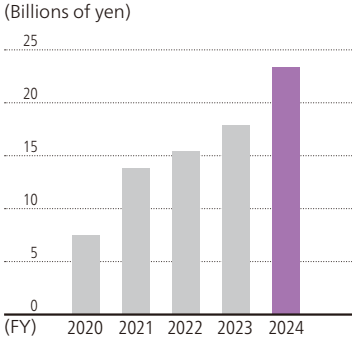
We are excited for our future and remain committed to:

- Identifying and developing talent with deep functional expertise and a cross-functional mindset
- Representing U.S. needs in terms of research and development and business development based on local expertise and detailed analysis
- Successfully launching Shionogi brands in the U.S. market
- Executing high quality support for our major development programs

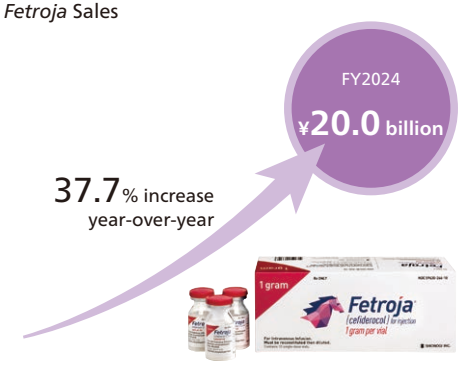
We have a promising FY2025 ahead as we continue to grow *Fetroja*, prepare for approval and launch of Ensitrelvir for Post Exposure Prophylaxis of COVID 19, advance high priority development programs, and create more awareness of Shionogi, our Values, and products in the U.S.

Thank you for your continued support of the U.S. business!

Revenue of Shionogi Inc.



Fetroja Sales



Response to antimicrobial resistant bacteria and *Fetroja* market growth

In recent years, infections caused by antimicrobial resistant bacteria such as carbapenem-resistant *Pseudomonas aeruginosa*, *Acinetobacter* species, and *Enterobacter* species have become problems in medical settings. Demand for *Fetroja*, which shows high clinical efficacy against these pathogens, is growing as a product that meets treatment needs in intensive care units and critically ill patients, with fiscal 2024 sales reaching ¥20 billion, a 37.7% increase from the previous year. We will continue to prioritize promoting proper use and improving healthcare access, aiming to contribute to AMR treatment.

Development Progress of Innovative Treatments in COVID-19 Prevention

Ensitrelvir, an antiviral drug for COVID-19 prevention, has received Fast Track designation from the U.S. Food and Drug Administration (FDA), with rapid development and approval processes underway. The global Phase 3 trial (SCORPIO-PEP) conducted in multiple countries including the U.S. confirmed efficacy in reducing onset risk by 67%. We are currently initiating phased applications for U.S. approval and preparing for sales launch. We will continue to aim for global health contribution and sustainable growth by providing innovative treatment options in the infectious disease area.

From the Frontline

SHIONOGI's Commitment to Global Health and the Fight Against Antimicrobial Resistance

Gareth Morgan

Shionogi Inc.
Global Head, Portfolio Management and AMR Policy

Antimicrobial resistance (AMR) is serious global health threat, driven in part by declining innovation and market challenges. Bacterial resistance is an inevitable process and the world needs solutions. SHIONOGI's Government Affairs team advocates for policies that create favorable environments for antimicrobial research, development, and regulatory approval, as well as attractive marketing environments. We support education, focusing on awareness and proper use. When we explain AMR and the challenges we face, we gain advocates: stakeholders from members of the public to high level policy makers understand that safe and effective antibiotics underpin modern medicine and our goal to promote healthy societies.

Promote

Europe

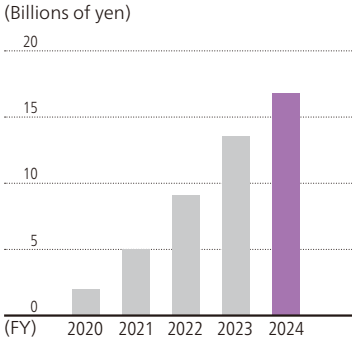
Huw Tippett
Shionogi B.V.
CEO

Driving innovative healthcare solutions in Europe

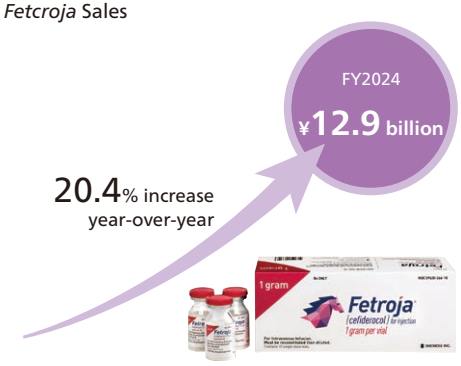
We continue to build on our commitment to deliver innovative solutions for some of the most pressing global healthcare challenges, particularly in tackling infectious disease and addressing antimicrobial resistance, to help improve patients' lives. We are proud to celebrate our second consecutive year of profitable growth and strong developments in our pipeline portfolio. We have welcomed sustained growth in our antibiotics business, with *Fetcroja* (cefiderocol) maintaining its market-leading position, and seen a notable expansion of *Rizmoic* (for opioid induced constipation) in our pain management portfolio. We continue to work with governments to advocate for sustainable finance models, recently seeing positive outcomes in Italy with the introduction of innovative legislative changes to support the use of reserve antibiotics. We are also proud of our strong employee engagement scores, which reflect our dedication to fostering a supportive and thriving culture.

VIATRIS RECORDATI lifewell MOLTENI FARMACEUTICI sobi rare strength

Revenue of Shionogi B.V.



Fetcroja Sales



Sustainable provision of *Fetcroja* through pull incentive adoption

Fetcroja, as an effective treatment for gram-negative bacteria resistant to carbapenem antibiotics, was selected for pull incentives—a new economic support system aimed at promoting antimicrobial development and sustainable supply—in the U.K. and Sweden. Through subscription contracts and minimum purchase agreements with both governments, we achieve stable supply of treatments for serious infectious disease caused by antimicrobial resistant bacteria, contributing to solving global public health challenges.

Accelerating European expansion and promoting strategic partnerships

Through partnership with Sobi, we expanded the sales regions for *Fetcroja* to all of Europe including Central and Eastern Europe. Additionally, through partnerships with Viatris, Molteni, and others, countries selling *Rizmoic*, a treatment for opioid-induced constipation, are also expanding. We will continue strengthening SHIONOGI product sales activities throughout Europe through partnerships with other companies in addition to direct sales by Shionogi B.V.

From the Frontline

Driving sustainable access through Italy's first pull incentive strategy

Simona Falciai
Shionogi srl (Italy)
General Manager

Through strategic collaboration with the Italian government and the policy makers, as well as via a Shionogi-initiated/Pharma AMR coalition and a compelling AMR campaign (TV/Digital), we successfully championed the introduction of Italy's first Pull Incentive for "Reserve Antimicrobials." This was first announced by the Italian MoH at the Oct. 24 G7 Health meeting and then funded by the Italian Government in the 2025 Budget Law. This new Law on Reserve AI Pull incentives delivers a long-term exemption (through patent life) from the hospital clawback system* and secured sustainable pricing for *Fetcroja* and for future innovative Reserve AIs. This outcome will help protect patient access to life-saving antibiotics and contribute to long-term innovation in infectious diseases. Looking ahead, SHIONOGI will continue to strengthen its leadership in the fight against AMR across Europe through ongoing advocacy and strategic partnership with governments and other key stakeholders, including industry and the patient and clinical communities.

* A cost-containment mechanism in Italy where pharmaceutical companies are required to reimburse a fixed percentage of hospital drug expenditures.

Promote

China

Hirofumi Nagatome
Shionogi China Co., Ltd.
Chairman and CEO

New Developments in China Operations: The Challenge of Innovation and Growth

In April 2025, Shionogi China Co., Ltd. dissolved its joint venture with the former Ping An Insurance Group and became a wholly owned subsidiary of the SHIONOGI Group. We will accelerate our transformation from generic pharmaceuticals to new drug business with greater momentum. As a first step, we are actively preparing to deliver cefiderocol, a treatment for multi-drug resistant Gram-negative bacterial infections, to patients in China during fiscal 2025, and we are also working on developing additional drug candidates in China.

We will continue our efforts to achieve further growth in our China operations as part of the SHIONOGI Group, contributing to the health and welfare of patients worldwide through the provision of innovative healthcare solutions.

Future business development in China

Under the new structure as Shionogi China Co., Ltd., we will accelerate the development of our new drug business in China

FY2025- Launch of New Drug Business → FY2027- Accelerating growth → FY2030- Establishing a solid foundation for China business

Cefiderocol
Establishing a foundation for the new drug business

Large market potential

Number of patients*: 600,000

Efficient engagement with core targets

Nationwide coverage through partnering

Aiming to make it a key revenue driver, as in the U.S. and Europe

Additional pipeline products
Expected to contribute to growth from FY2027 onward

Naldemedine: Approval expected in FY2026	Olorofim: Phase 3 Trials
Ensitrelvir: Preparation for Submission	AI-driven drug discovery: Investigator-Initiated Clinical Trials

Strategic use of partnerships based on market characteristics

* Annual number of AMR-related deaths in China (2019): Burden of infectious diseases and bacterial antimicrobial resistance in China: a systematic analysis for the global burden of disease study 2019—The Lancet Regional Health—Western Pacific

Growth story of the innovative drug business in the Chinese market

In April 2025, we launched a new structure as Shionogi China Co., Ltd. and began full-scale operations of our new drug business in China. First, we plan to launch cefiderocol in China for the serious infectious disease market, with approval expected by the end of 2025. Going forward, we also plan to expand with naldemedine for opioid-induced constipation treatment (marketed as *Symproic* in Japan) and ensitrelvir for COVID-19 treatment (marketed as *Xocova*), with naldemedine already under application. We will continue strengthening our development and sales capabilities to make our China operations a key revenue pillar by fiscal 2030.

China business expansion strategy through partner collaboration

In the Chinese market, we are expanding nationwide through our own efficient approaches to key facilities combined with partnerships with reliable local partners. For cefiderocol in particular, collaboration with local companies plays a crucial role, as we need a flexible system to handle the diverse requirements for import, distribution, and quality assurance. We are also accelerating expansion beyond infectious diseases into other therapeutic areas, and for naldemedine, which is already under application, we have signed an exclusive license agreement with Chia Tai Tianqing Pharmaceutical Group for import and sales in China. By leveraging partnerships tailored to product characteristics and market conditions, we aim to establish a sustainable supply system and sales network for long-term growth and stronger presence in the Chinese market.

From the **Frontline** ❯ **Creating the future of healthcare**

I am honored to participate in establishing SHIONOGI in the Chinese market and advance our efforts to address challenges in the infectious disease field. Over the past three years, we have made over 40 academic presentations, establishing a solid academic foundation for cefiderocol. We are confident that this innovative treatment will provide new options for combating carbapenem-resistant bacterial infections in China, contributing to saving patients' lives and strengthening AMR control framework. Going forward, we will continue our journey under our Vision of "Building Innovation Platforms to Shape the Future of Healthcare."

Enpei YE
Shionogi China Co., Ltd.
NCE Marketing Department

Promote

Taiwan

Chin-Min Lin

Taiwan Shionogi & Co., Ltd.
President

A 61-Year Legacy: Transformation for Future Growth

Taiwan Shionogi has operated in Taiwan for over 60 years under SHIONOGI's purpose: "SHIONOGI strives constantly to supply the best possible medicine to protect the health and wellbeing of the patients we serve."

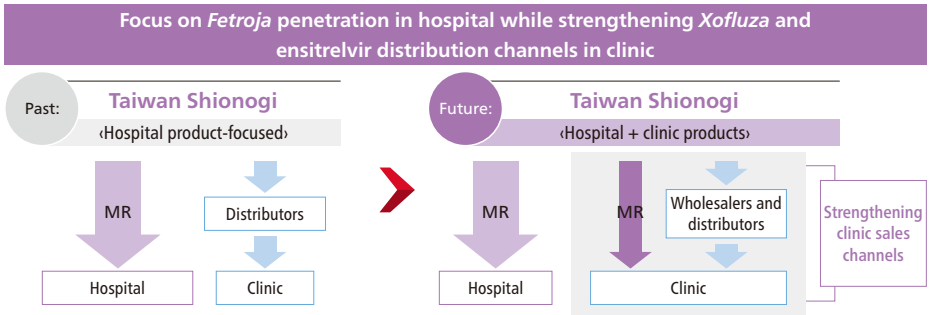
In March 2025, Taiwan Shionogi headquarters relocated to a new office that embodies the concepts of "Innovation, Speed, and Execution," where each employee approaches their daily work with passion and determination.

For Taiwan Shionogi, transformation means broadly expanding SHIONOGI's global products throughout Taiwan while creating new value as a healthcare provider and contributing to solving Taiwan's social challenges. With all employees maintaining strong awareness of zero compliance violations, we are working to improve infectious disease treatment quality and strengthen public health through proper use of infectious disease drugs and contributions to epidemic prevention policies. Additionally, we are transforming our system to deliver SHIONOGI products to more patients by expanding our MR information-sharing activities from being hospital*1-focused to include clinic*2, while strengthening partnerships with wholesalers and distributors in the clinic market.

Taiwan Shionogi will continue to earnestly address Taiwan's social challenges and provide new value.

*1 Facilities with inpatient facilities providing comprehensive medical care, similar to Japan's "general hospitals" or "university hospitals"
*2 Small-scale clinics providing only outpatient care with basically no inpatient facilities, similar to neighborhood private practices

Taiwan business strategy



Aiming to establish leadership in infectious diseases

Taiwan Shionogi has traditionally focused its information-sharing activities on proper use of infectious disease drugs and other pharmaceuticals primarily in hospital settings. To deliver SHIONOGI's infectious disease drugs to more patients, we are shifting our strategy to strengthen expansion into clinic as well. Through the following initiatives, we aim to establish leadership in the infectious disease domain.

Hospital initiatives

Taiwan Shionogi began selling *Fetroja* in 2024 for patients suffering from serious infectious disease resistant to existing antibiotics, providing a potential treatment option. By addressing urgent needs in clinical practice, we aim to build a sustainable healthcare system that contributes to improved public health and advancement in infectious disease treatment.

Clinic initiatives

Since Taiwan faces potential influenza outbreaks not only in winter but also in summer, we continuously hold academic seminars at medical institutions to provide the latest information. These seminars share insights on diseases and treatments to promote physician understanding. We also support physicians already using *Xofluza* with initiatives to help solve usage challenges.

From the Frontline

Breaking through unapproved drug barriers to achieve government stockpiling of *Xocova*

In 2024, there were estimated to be approximately 1.7 million COVID-19 cases in Taiwan, with many patients still suffering. To deliver ensitrelvir even one day sooner, we worked to gain understanding of the significance of stockpiling through dialogue with Taiwan CDC*3 experts. As a result, we achieved the first-ever government stockpiling of an unapproved drug in Taiwan, establishing a system to deliver ensitrelvir to 20,000 patients. We will continue our challenges and efforts to ensure needed medications reach patients reliably.

*3 Centers for Disease Control

Rui-You Li

Taiwan Shionogi & Co., Ltd.
Manager

Promote

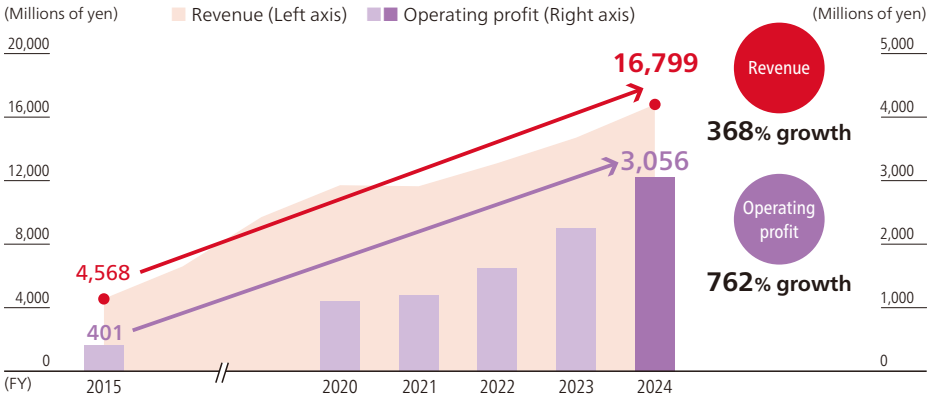
Japan: OTC drugs (Over-the-Counter Drugs)

Yuuko Nakagawa
President & CEO
Shionogi Healthcare Co., Ltd.

Leading the Charge to Transform Self-Care

We at Shionogi Healthcare aim to become an indispensable company in solving social challenges within the self-medication field, guided by our concept of "Gentle and precise self-care for all people." We continue to upgrade what is considered normal in healthcare. Looking ahead, we anticipate environmental changes including reduced disposable time for the working generation due to declining labor populations; increased personal responsibility for health due to healthcare professional shortages and loss of medical services in rural areas; and growing consumer diversification and globalization in Japan. In this context, we recognize the growing importance of time performance, and we are committed to becoming a company that can achieve SHIONOGI Group Vision by meeting customer needs through providing value that doesn't leave customers confused. As a Group member, we will fulfill our social responsibilities while creating new value through innovation and collaboration, working toward achieving STS2030 Revision and contributing to a sustainable future.

Performance trends of Shionogi Healthcare



Six consecutive years of growth - growth driver in the self-care domain

Shionogi Healthcare is a Group company that handles the self-care domain for SHIONOGI, providing OTC pharmaceuticals, health foods, healthcare services, and more. Since its spin-off in April 2016, it has continued steady growth while expanding its business domains. In fiscal 2024, despite being affected by external factors such as infectious disease outbreaks and changes in the global market environment, its infection-related OTC products including *Pylon PL*, *Medicon*, and *Mucodyne* performed well thanks to store deployment that anticipated demand and securing stable supply systems. In the field of dermatology, product lines targeting dermatologic diseases and skin conditions, as well as whitening/skin health maintenance, including *Rinderon* and *Cinal*, showed strong performance. Furthermore, through new product launches and enhanced promotions, it accurately captured self-medication needs and expanded sales. Its new business venture, the gamma wave sound care *kikippa*, achieved better results than the previous year through promotional initiatives and entry into consumer electronics retail channels. In overseas markets, *Cinal L White EXIA* sales grew through expanded sales regions and promotional strategies tailored to local needs. As a result, it achieved six consecutive years of growth in fiscal 2024, recording our highest performance ever.

Expanding the product lineup

As awareness of self-medication grows, Shionogi Healthcare is responding to society's needs by expanding its product lineup. Starting in fiscal 2020, it began developing the infection treatment brands Pro series centered on switch OTC pharmaceuticals, and in fiscal 2024 we launched new products including *Rinderon Vs Premium Ointment/Cream*, *Cinal L White EXIA Premium 2000*, and *Medicon Cough Suppressant Syrup Pro*. These products meet diverse needs in the self-care domain while contributing to market share expansion.

Rinderon Vs Premium Ointment/Cream

Cinal L White EXIA Premium 2000

Gamma wave sound care *kikippa* earphone

Promote

HIV franchise (Royalty income)

SHIONOGI's royalty business

One of SHIONOGI's revenue pillars is royalty income. We have developed a business model that sets us apart from other pharmaceutical companies by continuously creating innovative new drugs to meet critical medical needs and engaging partner companies dedicated to addressing those diseases.

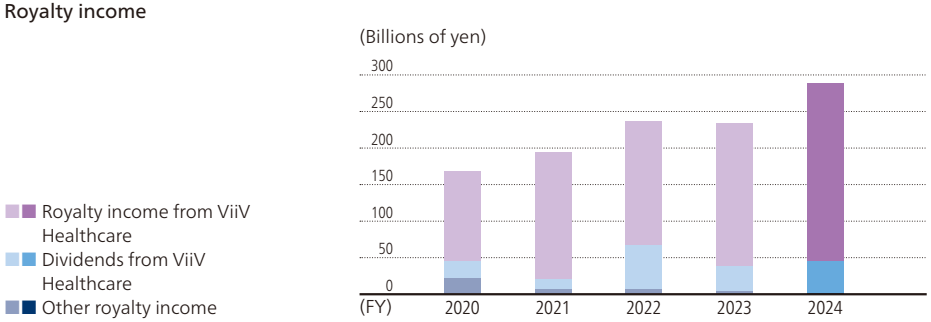
Our partnership with ViiV Healthcare is the major driver of our royalty business. This franchise includes integrase inhibitors, dolutegravir and cabotegravir, and SHIONOGI is receiving royalty income based on sales as well as quarterly dividend income from holding 10% of the company's shares. Since these royalties and dividends incur no sales costs, they serve as an important profit source for SHIONOGI and enable strategic investment in further research and development.

History of HIV treatment and prevention, and SHIONOGI's contribution

When someone acquires HIV (Human Immunodeficiency Virus), immune cells are destroyed, leading to decreased immune function and increased susceptibility to various diseases. If untreated, HIV can develop into AIDS.

Since the first diagnosis in the 1980s, tremendous progress has been made to change HIV from the death sentence it once was, to a manageable condition. Thanks to innovations in R&D, effective treatments exist that enable people with HIV to live longer and healthier lives as well as more options for those who could benefit from HIV prevention.

Royalty income



Despite this, the number of people living with HIV is continuing to rise—reaching 40.8 million in 2024—and it is estimated that almost 1 in 4 of these do not have access to effective treatment options that meet their needs (UNAIDS, 2025).

Paradigm shift through the creation of integrase inhibitor dolutegravir

SHIONOGI, through its partnership with ViiV Healthcare, has consistently contributed to pushing the boundaries of HIV innovation. This includes the development of the integrase inhibitors, which have become the gold standard in HIV treatment and are trusted by HCPs worldwide. Dolutegravir was first approved in 2013 and has consistently shown high resistance barrier, tolerability and safety across a broad range of patient groups.

Providing two-drug regimens addressing unmet needs

Dolutegravir changed the HIV treatment paradigm with the approval of the two-drug oral regimens, reducing the number of medicines people had to take. Sales of these products are steadily expanding, which contributed to the next phase of ViiV Healthcare's market share expansion.

People living with HIV (2024)

Approximately
40.8 million people

Anti-HIV drug market (2024)

Treatment:
~ £ **20.0** billion

Prevention:
~ £ **2.0** billion

Number of companies providing the market with long-acting injectable (LAI) formulations

2

Promote

HIV franchise (Royalty income)

Current status of HIV franchise

Sustained growth through long-acting injectable (LAI) formulations

Currently, long-acting injectable (LAI) formulations are the driving force behind further HIV franchise growth. To overcome common challenges with daily medication—like stigma, adherence and fear of disclosure—*Cabenuva* (treatment) and *Apretude* (prevention), LAI regimens containing the first and only approved long-acting injectable integrase inhibitor were developed, enabling treatment and prevention with bi-monthly administration.

Cabenuva—the first and only long-acting anti-HIV Drug—has shown non-inferiority compared to leading daily orals in both clinical trials and real-world studies, with 90% participants in one study preferring *Cabenuva* to daily orals.

In addition, *Apretude* is the first LAI for HIV prevention (PrEP). It has consistently demonstrated high efficacy, safety, and tolerability across broad populations.
In a head-to-head clinical trial comparing *Apretude* with daily orals, over 95% of potential users expressed a preference for the LAI. In another comparative study, *Apretude* showed a 90% reduction in HIV acquisition compared to daily oral pills. Furthermore, post-marketing studies have confirmed preventive effectiveness exceeding 99%.

With these LAI formulations, a new frontier of HIV care is progressing, and continued sustainable growth of the HIV franchise is expected.

ViiV Healthcare's dolutegravir and cabotegravir products

Oral regimens

Reducing the number of medicines people need to take to achieve and sustain viral suppression

Dovato
Dolutegravir + Lamivudine
- Indications: Treatment of HIV-1 infection
- Released: April 2019 (U.S.)

Juluca
Dolutegravir + Rilpivirine
- Indications: Treatment of HIV-1 infection
- Released: November 2017 (U.S.)

LAI formulations

HIV treatment and prevention now possible with dosing every two months

Cabenuva
Cabotegravir + Rilpivirine
- Indications: Treatment of HIV-1 infection
- Released: February 2021 (U.S.)

Apretude
Cabotegravir
- Indications: Pre-exposure prevention of HIV-1 infection
- Released: January 2022 (U.S.)

Medium to long-term market outlook and future initiatives

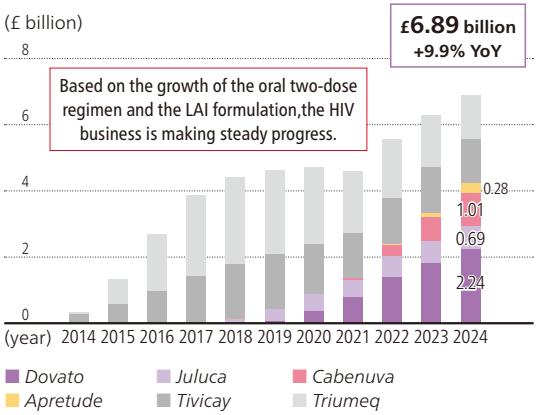
Future outlook for HIV market and ViiV Healthcare's long-acting injectable pipeline

The HIV market is currently worth >£22bn—90% of this is in treatment and 10% in prevention—and growing. By 2031, LAIs are projected to account for around 30% of the HIV treatment market—approximately £20 billion—and about 80% of the HIV PrEP market, estimated at £4-5 billion.

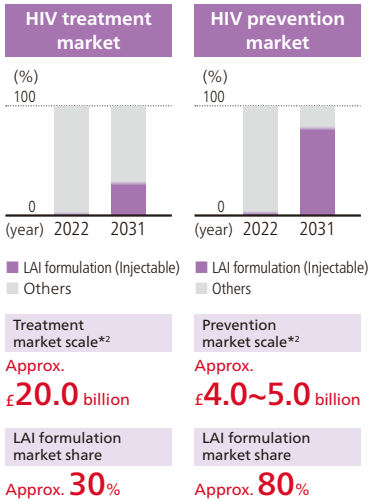
In addition to further growth of the current two-drug oral and LAI formulations, our strategy is to pursue science that will be both life-changing and life-enhancing—delivering innovative therapies that meet the real needs of people living with, or impacted by, HIV. The focus is now turning to extending dosing durations to four or six months—and even longer—as well as options for people to treat themselves at home (self-administered).

With a 10-year head start in long-acting treatment, we remain focused on the next-generation of HIV innovation and confident that our pipeline will continue to drive performance over the coming decade and beyond.

Sales Trends of ViiV Healthcare's Dolutegravir and Cabotegravir Products*1



*1 Prepared from GSK's financial data



*2 2031 Outlook

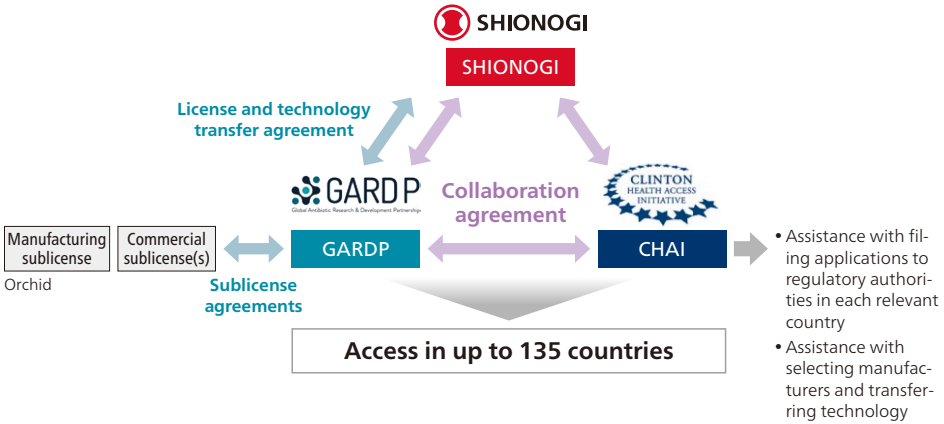
Promote

Access to healthcare

Contributing to global health through cefiderocol

SHIONOGI, through the conclusion of a licensing agreement including technology transfer with GARDP, and a tripartite partnership agreement adding CHAI, aims to improve access to antibiotics in low and middle-income countries. This framework enables cefiderocol access in 135 countries including low-income countries and promotes stewardship activities at healthcare institutions. Through world-first collaboration with non-profit organizations for antibiotics, we are providing drugs to patients in need and accelerating our contributions to global health as a leading company in infectious diseases.

Integration of the strengths of SHIONOGI, GARDP, and CHAI



Collaboration with U.K. hearing support organization: Communication Barrier-Free Project (CBF-PJ)

SHIONOGI is promoting CBF-PJ to eliminate communication barriers when patients with hearing and other disabilities access healthcare. In fiscal 2024, we signed a collaboration agreement with RNID, the national charity supporting more than 18 million people in the U.K. who are deaf, have hearing loss or tinnitus. By jointly creating communication tools with RNID that patients and healthcare professionals in the U.K. can utilize, we will contribute to improving healthcare access.

Mother to Mother SHIONOGI Project: Maternal and Child Health Support in Africa

SHIONOGI is implementing the Mother to Mother SHIONOGI Project to support the achievement of Universal Health Coverage (UHC)*. Since the launch of the Third Term in 2023, SHIONOGI has been advancing support initiatives in Kenya, Ghana, and Tanzania through diverse partnerships focusing on improving healthcare access and reducing childhood diarrhea. During the Second Term, completed in December 2023 in Kilifi County, Kenya, the project achieved significant improvements, such as the construction of three health facilities and community awareness programs, resulting in an increase in children's vaccination completion rates from 21% to 81%. Going forward, SHIONOGI remains committed to enhancing maternal and child health and enabling sustainable, locally led health service management to strengthen healthcare systems in developing countries.

* The concept that all people worldwide should have access to the health services they need without suffering financial hardship.

Cumulative total number of people who received medical services

Period: October 2015 - May 2024

From the Frontline

Solving the challenges faced by hearing-impaired individuals globally

We are collaborating with RNID, a U.K.-based national hearing support charity, to create tools that support communication between hearing-impaired individuals and healthcare professionals. While cultures differ between countries, the challenges that hearing-impaired individuals face at healthcare settings are common around the world, making us realize that communication barriers are truly a shared global social issue. We will work with RNID and Shionogi B.V. to take on solving this global social challenge.

Yasunori Tsukamoto

Shionogi & Co., Ltd.
Office for Children's Bright Future

Viewed from any direction, this monument at the Shionogi Pharmaceutical Research Center (Toyonaka, Osaka Prefecture) reveals the form of the traditional FUNDOH counterweight that inspired the SHIONOGI Group's brand symbol and expresses our pursuit of accuracy.

SHIONOGI's Responsibilities

Upholding a responsible attitude in every aspect of business is essential to contributing to the realization of a sustainable society. While building trust through dialogue with stakeholders, giving due consideration to human rights and the environment, and reinforcing and transforming our governance structure, SHIONOGI is fulfilling its responsibilities as a company. This section introduces the initiatives that undergird our sustainable growth.

Engagement with Stakeholders

SHIONOGI aims to build a sustainable society by creating corporate and social value through engagement with its four stakeholder groups: shareholders and investors, customers, society, and employees.

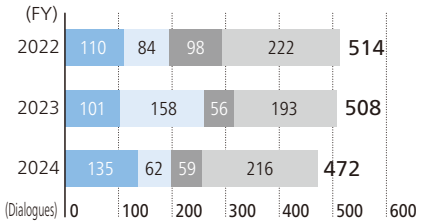
SHIONOGI's stakeholders

Shareholders and investors

In the spirit of fair disclosure, our management team and the IR Division coordinate on fair, timely, and appropriate information disclosure.

SHIONOGI continually provides a range of opportunities for information provision and dialogue, including financial results briefings, R&D Day events, sustainability meetings, and briefings for individual investors. Through these opportunities, we communicate our approaches to management strategy, research and development, and sustainability. In addition, our president and other members of the management team participate in events and interviews and actively engage in dialogues with investors to promote two-way understanding.

Number of dialogues with investors*



- Overseas investors (correspondence with the President)
- Investors in Japan (correspondence with the President)
- Overseas investors (correspondence with the Corporate Communications Department)
- Investors in Japan (correspondence with the Corporate Communications Department)

* The method of collecting this data changed from FY2024 (This data includes R&D Day Information session participants in FY2022 and 2023)

Customers

We deliver accurate and prompt information to healthcare professionals and the general public, contributing to the health of patients and to the optimization of information utilization.

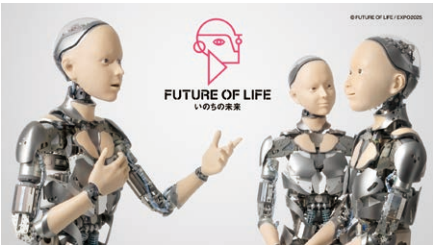
SHIONOGI's Medical Information Center promptly and accurately provides scientifically based information in response to inquiries from healthcare professionals. We attentively take in feedback from medical settings to support enhancement of the quality of medical care and optimal treatment choices for patients. To realize a society in which information on pharmaceuticals is accurately understood by all, we are also working to eliminate information disparities through our Communication Barrier-Free Project.

Facing Patients Beyond Prescriptions: The Mission and Challenges of the Frontline Medical Information Center | SHIONOGI

Society

We create innovations that solve healthcare challenges while contributing to the realization of a sustainable society.

SHIONOGI sponsored the "Future of Life" Signature Pavilion at Expo 2025 Osaka, Kansai, Japan to communicate to the world our efforts aimed at transforming into a HaaS company. Under our vision of going beyond the duality of health and disease to engage in personal life design, visitors experienced an exhibit that showcased three future product concepts focused on the optimization of immunity and cognitive behavior.



Androids in the "Future of Life"
@FUTURE OF LIFE / EXPO2025

Employees

Under SHIONOGI's philosophy of "People are the source of competitiveness," we will support active roles and growth for diverse human resources as we work to achieve both work satisfaction and corporate growth.

While providing diversity in workstyles, SHIONOGI also works globally to strengthen in-house branding activities. This includes projects such as "SHIONOGI Infectious Disease Weeks" within the company to boost understanding of and identification with our efforts to address infectious diseases. To advance dialogue with employees, we also hold town hall meetings at our U.S. and European sites, further building a sense of unity through means such as appearances by our president.

Shionogi Inc. town hall meeting in fiscal 2024

Protect the Environment

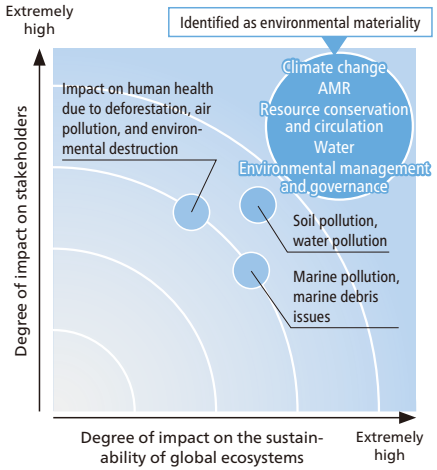
SHIONOGI has established the SHIONOGI Group EHS Policy and the SHIONOGI Group EHS Code of Conduct, and has identified climate change, antimicrobial resistance (AMR), resource conservation and resource circulation, water risk and water resources, and environmental management and governance as environmental materiality. Furthermore, we have set SHIONOGI Group EHS Action Targets as medium- to long-term goals and are working on activities to achieve these goals throughout the value chain, including the planning and promotion of environmental investments.

Environmental management and governance

SHIONOGI has established a comprehensive management system to oversee EHS activities across the entire Group. The Executive Officer and Executive General Manager of the Sustainability Management Division serves as the overall supervisor, coordinating efforts with EHS functions at each business site and Group company. Key matters related to EHS activities, such as environmental materialities and medium- to long-term action targets, are determined through deliberation and resolution at Corporate Executive and Board of Directors meetings. We also conduct annual management reviews to assess performance and drive continuous improvement, working to maintain and enhance EHS standards.

Identification of environmental materialities and priority issues

To protect the environment, one of SHIONOGI's material issues (materialities), we have identified climate change, AMR, resource conservation and circulation, water, and environmental management and governance as environmental materialities—priority environmental topics. These were selected based on the potential impact of our business activities on global ecosystem sustainability and stakeholders. For each of these issues, we have set medium- to long-term EHS action targets and annual EHS action plans, working to achieve them across our entire value chain.



SHIONOGI Group EHS Action Targets (Environment)

			FY2024 Results	FY2030	FY2035	FY2050
Climate change	GHG emission reduction (FY2019 benchmark)	CO_2 emissions (Scope 1+2)	23.3% reduction	46.2% reduction	60% reduction	Carbon neutral
		CO_2 emissions (Scope 3 Category 1)	12.0% reduction	20% reduction	–	
Resource conservation and circulation	Waste management	Final disposal rate	0.7%	–	1% or less	–
		Plastic waste recycling rate	36%	–	65% or more	–
Water		Water resource return rate (water discharge volume/water withdrawal volume)	90%	–	85% or more	–

For details on environmental materiality, please refer to our company website.

Efforts to address climate change

As part of our climate change initiatives—positioned as a key component of our management strategy—SHIONOGI is working to reduce the environmental impact of our business activities. To reduce Scope 1 and 2 emissions, we are promoting the introduction of renewable energy and energy-efficient equipment. For Scope 3 reductions, recognizing that reductions across the entire supply chain require collaboration with suppliers, we are actively engaging with our supply chain engagement.

Supplier engagement implementation process

STEP1-1
Gain an understanding of suppliers' CO_2 emissions and the current status of their reduction efforts (the setting of reduction targets, implementation of reduction activities, etc.) through interviews, etc.

STEP1-2
Hold briefing sessions to share SHIONOGI's policies and useful information for CO_2 reduction.

STEP2
Conduct individual negotiations with significant suppliers (CO_2 emissions reduction request, individual support).

Protect the Environment

Information disclosures based on the TCFD recommendations

For the table of risks and opportunities and details, please refer to our company website.

Governance

We have established a system in which the Board of Directors oversees climate change-related risks and opportunities, while the Corporate Executive Meeting deliberates on and executes strategies and countermeasures. We have also appointed the Executive Officer and Executive General Manager of the Sustainability Management Division as the risk owner for climate change.

Strategy

Countermeasures for climate change risks identified as important under our company-wide risk management system are developed and implemented within the framework of the SHIONOGI Group Companywide EHS Committee and Energy Conservation Committee, where the Executive Officer and Executive General Manager of the Sustainability Management Division serves as chairperson in his role as Corporate Officer in Charge of EHS.

Risk management

We analyzed transition risks, physical risks, and opportunities where climate change affects business activities, examining financial impact and business resilience under 1.5°C and 4°C scenarios, and evaluated response priorities. We identified the following high-priority climate change risks as: (1) introduction of carbon pricing, (2) impact on raw material procurement due to locally abnormal weather and rising temperatures, and (3) rising sea levels.

Indicators and targets for climate change measures

We have established reduction of greenhouse gas (CO_2) emissions as an indicator aimed at climate change risk reduction, and by setting specific reduction targets as one of our medium- to long-term action targets related to EHS, we are promoting effective activities.

Overview of the assessment of risks and opportunities related to climate change

Classification		Main risks and opportunities	Details of the anticipated risks and opportunities	Single-year financial impact for FY2030*	
				1.5°C scenario	4°C scenario
Transition risks	Policy	Introduction of carbon pricing	New regulations put in place on manufacturing, procurement, and other business activities, such as introducing and expanding carbon taxes, emissions regulations, and emissions trading systems	Medium	Small
		Tougher energy-saving regulations	Energy-saving regulations for manufacturing facilities becoming tougher than the annual average reduction of 1% or more in energy consumption per unit required by the current Act on Rationalization of Energy Use and Shift to Non-fossil Energy, resulting in additional capital investment	Small	Small
Physical risks	Acute	Impact on raw material procurement due to locally abnormal weather and rising temperatures	Procurement of biological raw materials becoming difficult because of the adverse effects of rising temperatures on growth and yield, quality, price, and other factors	Large	Large
		Damage to supply chain facilities due to intensifying storm and flood damage	Disruption or suspension of supply chain operations caused by locally abnormal weather (such as typhoons and sudden downpours) and associated disasters (equipment damage, flooding, power outages, and other damage)	Small	Small
	Chronic	Rising sea levels	Plants or other operating sites becoming inoperable due to rising sea levels	Large	Large
Opportunities	Market	Cultivation of new markets and regions through research and development of new medicinal products	Application of the technologies and expertise that SHIONOGI has cultivated to the treatment of other diseases	Small	Small
		Switching to ecofriendly low-carbon containers and packaging	Cost reduction resulting from replacement with environmentally friendly packaging materials	Small	Small

* Financial impact: Large: 10 billion yen or more; Medium: 1 billion yen to less than 10 billion yen; Small: less than 1 billion yen

Identified risk	Risk response policy
Introduction of carbon pricing	The possibility of the identified risks becoming reality in the medium term is relatively high, since carbon pricing has already been introduced in some countries and is under consideration in Japan. Therefore, we will mitigate the risks by implementing medium- to long-term activities to reduce our greenhouse gas (GHG) emissions.
Impact on raw material procurement due to locally abnormal weather and rising temperatures	We have defined the worst case scenario as the situation where quality testing cannot be conducted because lysate reagents made from the blood components of horseshoe crabs cannot be procured due to their decreasing population caused by climate change, leading to the suspension of shipments of some of our main medicinal products. However, reagent manufacturers are engaged in activities to preserve horseshoe crabs. Also, even if procurement of lysate reagents becomes difficult, alternative reagents using genetically modified proteins exist. Therefore, although the long-term possibility cannot be ruled out, we will retain the risk, judging that the probability of the risk manifesting by 2030 is extremely low at this point.
Rising sea levels	There is no doubt about the long-term trend of rising sea levels caused by climate change, and we have set the worst case scenario as the situation where sea level rise may adversely affect operations at some of our key manufacturing sites located in particularly low-lying areas. However, the average sea level rise along the coasts of Japan over the period from 2031 to 2050 is projected to be less than 0.2 m. Therefore, although the long-term possibility cannot be ruled out, we will retain the risk, judging that the probability of the risk manifesting by 2030 is extremely low at this point.

Protect the Environment

Responsible response to water environment conservation and AMR

Aiming for sustainable use of water resources, we have set a goal of achieving a water resource return rate of 85% or higher by fiscal 2035, without relying on increased water intake associated with business expansion. The water resource return rate is the ratio of discharged water to intake water, and serves as an indicator of how much purified water can be returned to the watershed that serves as the intake source. To return limited water resources to local communities and minimize impact on watersheds, we are promoting continuous improvement activities at the operational level. Furthermore, deeply recognizing that environmental discharge associated with the manufacturing and use of antimicrobials is one of the contributing factors to AMR, we conduct thorough wastewater treatment and strict environmental discharge management in antimicrobial manufacturing processes, not only at SHIONOGI factories but also in collaboration with suppliers. These efforts comply with guidelines and standards established by WHO and the AMR Industry Alliance. Going forward, we will continue to promote responsible antimicrobial manufacturing practices, including advancing certification acquisition for discharge management in SHIONOGI's antimicrobial manufacturing processes.

Resource conservation and circulation initiatives

For pharmaceuticals for which SHIONOGI develops manufacturing methods, we consider resource conservation and circulation from the development stage, with commercial manufacturing in mind. In product packaging as well, we are working on resource conservation and circulation by eliminating shrink packaging of individual boxes, among other measures.

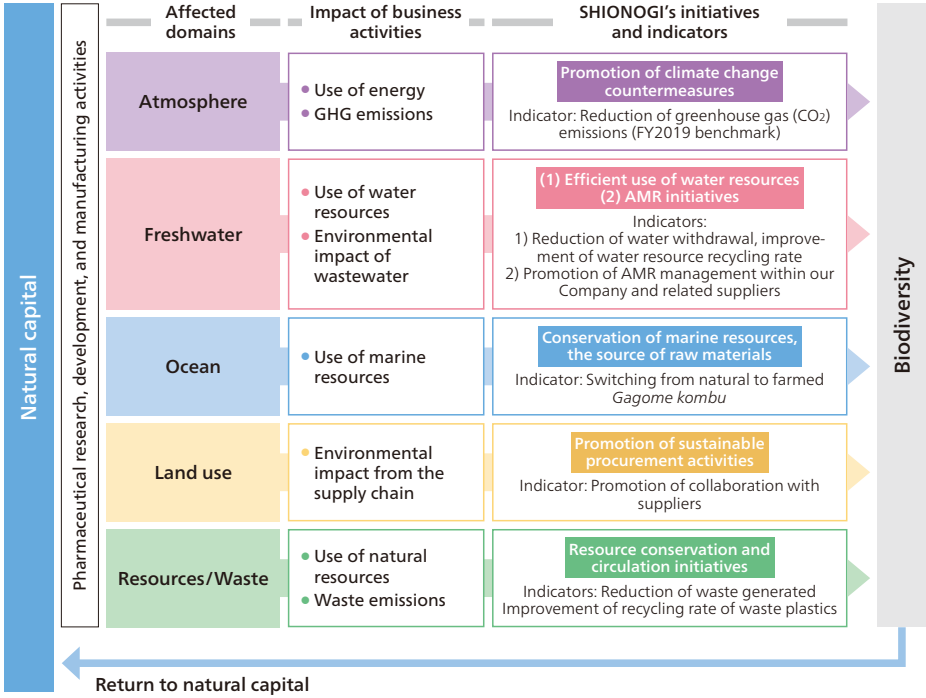
Elimination of cap seal packaging

Use of biomass containers

Our approach to nature and biodiversity

Under our EHS Management Secretariat, we are promoting consideration for biodiversity across all business activities. Recognizing that we benefit from natural capital in each value chain of pharmaceutical research, development, manufacturing, distribution, and sales, we strive to reduce negative impacts through initiatives for each item identified in our environmental materialities. We also work to achieve harmony with nature through initiatives such as conserving green spaces around factories and coexisting with local natural environments. Furthermore, we support international goals such as the 30by30 target and contribute to realizing a sustainable society by analyzing and evaluating our relationship with nature using the TNFD framework as a reference.

SHIONOGI's initiatives for natural capital



Protect Human Rights

In recent years, with the expansion of supply chains accompanying business globalization, human rights issues have become more serious and demands for addressing them have increased. SHIONOGI aims for further globalization of business in the Medium-Term Business Plan STS2030 Revision, and we recognize respecting the rights of those involved in our operations as a responsibility that companies should fulfill and as necessary for realizing our management strategy.

Policy and framework

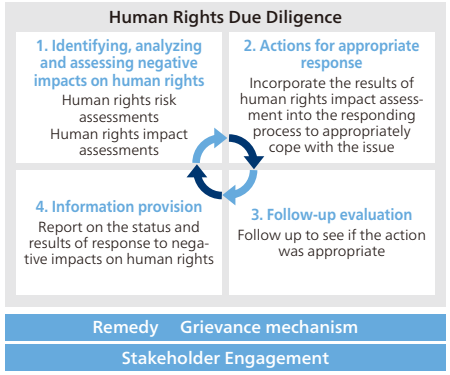
In accordance with the New SHIONOGI Group Code of Conduct and the SHIONOGI Group Human Rights Policy established based on the UN Guiding Principles on Business and Human Rights (UNGPs), we strive to respect human rights of all individuals potentially affected by our business activities. Under our company-wide risk management system involving the Corporate Executive Meeting and Board of Directors, the Corporate Governance Department serves as the supervising organization and implements measures in collaboration with relevant departments.

History of SHIONOGI's human rights policy development

Year/Month	Details
December 2020	Implementation of human rights risk assessment (identification of important human rights issues)
January 2021	Revision of SHIONOGI Group Code of Conduct
March 2021	Establishment of SHIONOGI Group Human Rights Policy
September 2021	Initial disclosure of statement on modern slavery and human trafficking (disclosed annually thereafter)
November 2021	• Revision of SHIONOGI Group Procurement Policy • Establishment of SHIONOGI Group Business Partner Code of Conduct
July-August 2022	Implementation of human rights impact assessment (supplier engagement for 4 commodity items, investigation of foreign worker conditions)
April 2025	Establishment of New SHIONOGI Group Code of Conduct (successor to Code of Conduct)

Human rights due diligence

Human rights due diligence is conducted in accordance with UNGPs. Through the human rights risk assessment conducted in 2020, we identified 30 risk items across our value chain and identified important human rights issues through dialogue with internal and external stakeholders. In particular, we have assessed the impact of working conditions in raw material and component manufacturing regions, as well as those affecting foreign workers, and disclosed the results on our website. We have also established grievance mechanisms aimed at victim relief and conduct regular dialogue with external experts.



Human rights education

Based on the SHIONOGI Group Human Rights Policy, we continuously provide education on business and human rights to all executives and employees. This is because business and human rights perspectives must be integrated into all business activities, and matters defined in the policy need to be effectively implemented. To prevent human rights risks from materializing, our employee education encourages individuals to review their own work and that of their organization from a human rights perspective, deepening their understanding of the connection between work and human rights.

Employee education results

Fiscal Year	Details	Target/Number of People	Participation Rate (%)
2020	• Lectures by external experts • Workshops on human rights risk assessment	Executives and Directors at General Manager level and above 61	—
2021	• Cases of human rights violations in supply chains • Status of human rights-related legal framework • Human rights issues in Japan • SHIONOGI Group Human Rights Policy • SHIONOGI's human rights risk assessment • One's own work and human rights	Employees 5,311	89.6
2023	• UN Guiding Principles on Business and Human Rights • Status of human rights-related legal framework • Introduction to human rights issue cases in Japan	Employees 4,153	89.6
2024	• Human rights due diligence for responsible corporate behavior • Human rights and environment	Employees 4,549	93.1
2025	• Lectures by external experts • Workshops on potential human rights issues in the value chain	Executives and Directors at General Manager level and above 75	—

For more information on our human rights initiatives, please visit our website.

President Isao Teshirogi and Yoriko Goto Dialogue

Beyond the evolution of governance - enhancing corporate value through diverse perspectives

Isao Teshirogi, Ph.D.
Representative Director, President and CEO
Shionogi & Co., Ltd.

Graduated from the University of Tokyo Faculty of Pharmaceutical Sciences, joined Shionogi & Co., Ltd. in 1982. In 1987, stationed at the New York office in the United States. Returned to Japan in 1991 and was assigned to the Development Government Affairs Department, but was stationed in the United States again from 1994 to 1997 on secondment to a capsule company. After returning to Japan, worked in the President's Office and in 1999 became General Manager, Secretary Office and General Manager, Corporate Planning Department. Became Director in 2002, Executive General Manager, Pharmaceutical Research & Development Division in 2004, Senior Executive Officer in 2006, and Representative Director and President of the Company in April 2008. Assumed current position in July 2022.

Yoriko Goto
Certified Public Accountant

Graduated from Keio University Faculty of Economics. Joined Deloitte Haskins and Sells International (now Deloitte Touche Tohmatsu LLC) in 1983, primarily engaged in audit services for major financial institutions. Served as Executive Officer in charge of Financial Services at Deloitte Touche Tohmatsu LLC, among other positions. Has nine years of experience stationed in the United States, and from 2012 to 2015 participated in the World Economic Forum in Davos as the only female representative of Deloitte. Was appointed Chairperson of the Board of Deloitte Tohmatsu Group in 2018. Outside Audit and Supervisory Board Member of Shionogi from June 2023, Outside Director (Member of the Audit and Supervisory Committee) from June 2025.

SHIONOGI's governance structure has evolved uniquely as a company with a Board of Corporate Auditors, deepening the involvement of Outside Directors. In June 2025, we transitioned to a company with an Audit and Supervisory Committee, aiming for further improvement in management quality. In this dialogue, Outside Director (Audit and Supervisory Committee Chairperson) and Representative Director, President and CEO discuss the background and significance of this institutional transition, as well as the ideal governance approach for sustainable enhancement of corporate value.

What we aim to achieve through the transition to a company with an Audit and Supervisory Committee

Goto When I first looked at our Company's governance structure, I was initially surprised that despite being a company with a Board of Corporate Auditors, Outside Directors had comprised a majority for over ten years, and both Nomination and Compensation Advisory Committees were functioning effectively. The Board of Directors had an atmosphere where everyone, including outside auditors, could speak freely, and I felt that operations were substantially very advanced. What was particularly impressive was that the executive side welcomed outside perspectives. I could see how they faced questions and concerns about agenda items head-on, and through these exchanges, the quality of explanations improved.

Teshirogi Starting in 2009, we gradually invited outside members to participate, taking time to build our structure. We shared important agenda information with our outside corporate auditor in advance and encouraged their input, so board discussions were lively and sometimes extended for long periods. Outside officers' observations often improved the precision of executive decision-making, and I believe we had reached near-perfection as a company with a Board of Corporate Auditors. However, no matter how substantially our outside auditors were involved, they ultimately couldn't participate in final voting, and I felt this was a structural limitation. There were several reasons for our recent transition to a company with an Audit and Supervisory Committee, but this was the biggest factor.

Goto I did feel I had ample opportunities to speak at both board meetings and the two advisory committees. The executive side had an attitude of carefully considering even uncomfortable opinions, and I felt there was a foundation for high-quality discussions. On the other hand, since I wasn't in a position to participate in resolutions, it was hard to see how my opinions influenced final decisions, and there were times when I felt a certain distance. Also, I wasn't able to grasp all of the executive decision-making processes through the Board of Auditors, and I felt there were structural limitations to achieving audits that could thoroughly examine appropriateness.

Teshirogi Since formulating our Medium-Term Business Plan STS2030 in 2020, we have reviewed board resolution matters on a risk basis and changed our operations to

President Isao Teshirogi and Yoriko Goto Dialogue

delegate as much as possible to the field level. Accordingly, the board needs a structure that can properly address important management decisions, and I see this transition to a company with an Audit and Supervisory Committee as an extension of these governance reforms.

Expectations for Members of the Audit and Supervisory Committee and their new roles

Goto Through this transition, I now have voting rights as a Director and Member of the Audit and Supervisory Committee, and I feel my responsibilities have become heavier. While auditing is generally seen as a "stopping" role, I believe proposal-driven auditing that encourages "this is how things should be" and "this is how we should proceed" is the future. I feel that perspectives for evaluating the appropriateness of decision-making and attitudes for grasping field realities through dialogue with employees are becoming more important.

Teshirogi At your suggestion, we have set aside time for reports from the Audit and Supervisory Committee at the beginning of board meetings. By first sharing the perspectives of the members of the Audit and Supervisory Committee, the direction of subsequent discussions becomes clearer, and we are creating a flow that allows Outside Directors to engage more proactively. Going forward, we want to accumulate such innovations while further enhancing the board's overall sense of responsibility and unity, and further refining the quality of management decisions.

Goto We are also building a system to strengthen coordination with internal auditing and keep an eye on the entire group. Previously we were on the receiving end of information, but now we aim for a relationship where internal auditing and the Audit and Supervisory Committee work together, looking in the same direction. At the same time, I want to increase opportunities for dialogue with employees to directly understand realities in the field. We Outside Directors, especially Members of the Audit and Supervisory Committee, have a responsibility to view the Company from the inside while also examining management direction from the perspective of stakeholder representatives. Rather than just receiving explanations, we need to verify with our own eyes and ears whether the content is socially appropriate, and question it when necessary. I believe this attitude leads to trustworthy governance.

Teshirogi You are absolutely right that having you continue to question management appropriateness from an outside perspective is extremely valuable for the Company. Sometimes harsh observations help deepen our own thinking and improve the precision of our decision-making. I believe that having outside eyes prevents us from becoming too biased toward corporate logic, leading to truly open management.

Goto When I recently visited our Settsu and Tokushima plants, I witnessed employees working earnestly and conducting careful cross-departmental exchanges. What was particularly impressive was that quality control was properly rooted in the field and being implemented faithfully. At both plants, I could feel firsthand that systems were actually functioning in reality, making it a very meaningful inspection from an audit perspective.

Teshirogi This year, we plan to continue creating opportunities for you to visit our sites. For field employees too, opportunities to explain to and exchange opinions with Outside Directors serve as good occasions to reaffirm the significance of their work and the importance of accountability.

Accountability and governance that advances with growth

Teshirogi In our board with a high ratio of outside officers, how clearly we on the executive side can explain greatly influences the quality of decision-making. Rather than relying on technical terms and abbreviations, we carefully convey the overall story including background information such as the reasoning and thinking behind our decisions, which strengthens Outside Directors' sense of conviction and creates constructive discussions. I believe such exchanges ultimately lead to decisions that support corporate growth.

Goto We, Outside Directors, are required to make multifaceted judgments within limited time. That's why having narrative that includes background and the big picture, rather than mere reporting of facts, allows us to more accurately grasp management direction. I believe well-targeted explanations not only improve the precision of advice from Outside Directors but also provide support for approaching the larger goal of enhancing corporate value.

Teshirogi Questions from Outside Directors contain perspectives we ourselves don't notice, and these become opportunities to break management complacency and re-examine the essence of our challenges. Including harsh observations, I think the board functions as a serious arena precisely because we have open discussions. To further improve the quality of decision-making for growth, accountability and transparent discussions will become even more important going forward. Particularly in aiming for long-term corporate value enhancement, we need the resolve to fulfill accountability that looks to the future, not just short-term results. We want to build conviction about the future while gaining outside perspectives.

Goto Corporate governance should fundamentally be balanced with growth. From audit and supervisory perspectives as well, I want to continue conveying opinions so that the Company can sustainably create value.

Teshirogi I feel that our Outside Directors serve as a compass for us as we carefully determine our growth direction. Having you frankly ask "Isn't that wrong?" improves the quality of our decision-making and brings conviction to our challenges. Going forward, we want to continue open discussions backed by trust while aiming for further enhancement of corporate value.

Corporate Governance

SHIONOGI's corporate governance

Based on SHIONOGI Group Heritage (The Company Policy of SHIONOGI), SHIONOGI recognizes that its social mission is multifaceted. It involves not only providing useful and highly safe pharmaceuticals, but also offering various healthcare services tailored to customer needs, to help improve the health and medical care of people around the world and realize a high quality of life.

Guided by our firm conviction that fulfilling this mission will lead to the sustainable enhancement of corporate value, we will practice transparent and sincere management—specifically, by engaging in constructive dialogue with our stakeholders to implement the necessary measures to continuously adapt to changes in the business environment.

Transitioning to a company with an Audit and Supervisory Committee

SHIONOGI's corporate governance has constantly evolved since the early 2000s, when the Company strengthened its management foundation by focusing on its pharmaceutical business (P.67). To further advance these governance structures in anticipation of future globalization and business expansion, SHIONOGI transitioned to a company with an Audit and Supervisory Committee in June 2025. The specific purpose of transitioning is to further strengthen supervision over the Representative Director within the Board of Directors and, on that basis, establish a framework that enables the Board of Directors to distinguish between matters delegated to the executive side and those that the board itself will resolve. This will enable the board to focus on discussing medium- to long-term company-wide strategies while considering the balance with each stakeholder and delegating authority to accelerate decision-making. Furthermore, this transition aims to expand the development and operation of the internal control systems, enabling the Audit and Supervisory Committee, backed by its authority and by leveraging the internal auditing unit, to more powerfully monitor and supervise the overall decision-making process of the executive side.

In conjunction with the transition to a company with an Audit and Supervisory Committee, we reviewed the matters requiring resolution and reporting by the Board of Directors. This included expanding the scope of delegation to the executive side and explicitly specifying matters to be reported regarding business execution, thereby strengthening the board's supervisory function.

Features of SHIONOGI's corporate governance

Consider balancing among our four types of stakeholders

SHIONOGI incorporates the perspectives of its four groups of stakeholders—customers, society, shareholders and investors, and employees—in maintaining transparent and proper business management that treats its stakeholders fairly and is responsive to the expectations of society.

Diversity of the Board of Directors

To further strengthen our framework in view of the progress in our business development, SHIONOGI is building the necessary framework from the standpoint of diversity and such factors as expertise and experience. By appointing three female directors and one foreign national director, we have been striving to ensure diversity.

Management transparency

By appointing seven Outside Directors, who comprise a majority of SHIONOGI's eleven directors, we maintain a structure to advance fairer and more efficient management—which thereby increases its transparency. Also, based on our Disclosure Policy, we continue to disclose our corporate information to all of our stakeholders in a fair, timely, and appropriate manner.

Accelerating decision-making

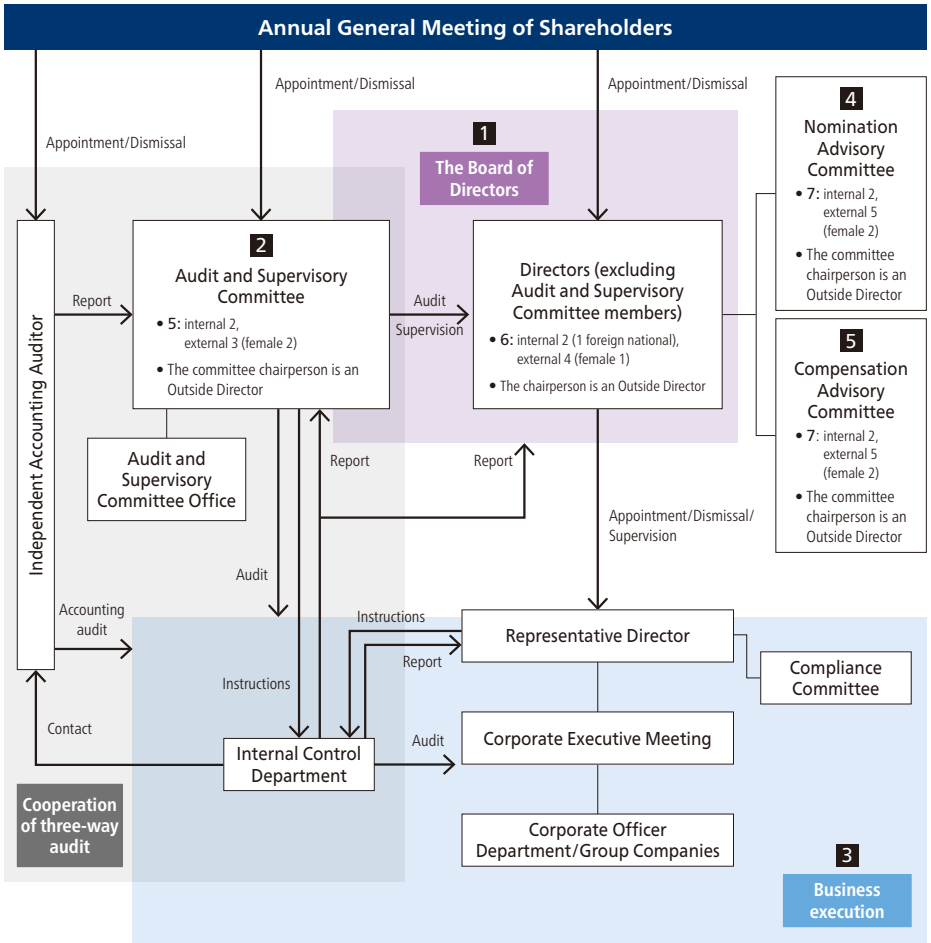
SHIONOGI defines corporate governance as the mechanism enabling the Company to make transparent, fair, prompt, and resolute decisions based on the perspectives of customers, society, shareholders, and employees. By transitioning to a company with an Audit and Supervisory Committee, we are accelerating decision-making by shifting the delegation of authority from the Board of Directors to the executive side.

Status of compliance with the Corporate Governance Code

We comply as a basic rule with the principles of the Corporate Governance Code. For more information, please see our Corporate Governance Report.

Corporate Governance

Corporate governance structure (As of July 1, 2025)



1 Board of Directors meeting Chair: Keiichi Ando (Outside Director)

We have appointed seven Outside Directors, who are a majority of our eleven directors, to further enhance supervision of the directors' execution of their duties and build more highly transparent and equitable management from the perspective of all stakeholders. Serving as independent officers, all seven are aware of SHIONOGI's corporate responsibility from an objective standpoint and are contributing to greater transparency in management.

Meetings held (FY2024) 13 Attendance 100%

2 Audit and Supervisory Committee Chair: Yoriko Goto (Outside Director)

To ensure the legality and appropriateness of duties carried out by directors and each organization, the Audit and Supervisory Committee and the internal auditing unit conduct audits of the status of business execution as appropriate, while exchanging opinions with the Representative Director and reporting to the Board of Directors, thereby establishing a system to take necessary actions. The Audit and Supervisory Committee, composed of two standing directors and three Outside Directors, with the support of the Audit and Supervisory Committee Office, conducts business and accounting audits in accordance with corporate auditing standards to verify the legality and validity of the duties carried out by directors and others.

Reference: Board of Corporate Auditors meetings and attendance held prior to the transition to a company with an Audit and Supervisory Committee (FY2024) 11 Attendance 100%

3 Business execution framework

SHIONOGI has introduced a corporate office system to support dynamic and flexible business operations, enabling the Group to respond rapidly to changes in the operating environment. The system is in place to oversee the organizations of the four major value chains: R&D, healthcare business, supply, and corporate, and the ten divisions operating underneath.

The Corporate Executive Meeting deliberates on important matters related to the execution of duties and management, and is composed of Internal Directors, standing Audit and Supervisory Committee members, and Senior Vice Presidents of Supervisory Units responsible for business execution. Items having a large effect on management are thoroughly deliberated by the Meeting and then decided by the Board of Directors.

Corporate Governance

4 Nomination Advisory Committee　Chair: Takaoki Fujiwara (Outside Director)

The Nomination Advisory Committee, serving as an advisory body to the Board of Directors, is composed of five Outside Directors (including one Audit and Supervisory Committee member), the Representative Director, President and CEO, and one standing Audit and Supervisory Committee member, with an Outside Director serving as the chairperson. Discussions are held on topics such as the balance of expertise on the Board of Directors including the Outside Directors; criteria for appointing, reappointing, and dismissing directors; decisions on whether the president (CEO) should remain in office based on performance reviews; and the creation and implementation of succession plans for key positions such as president, directors, and Corporate Officers.

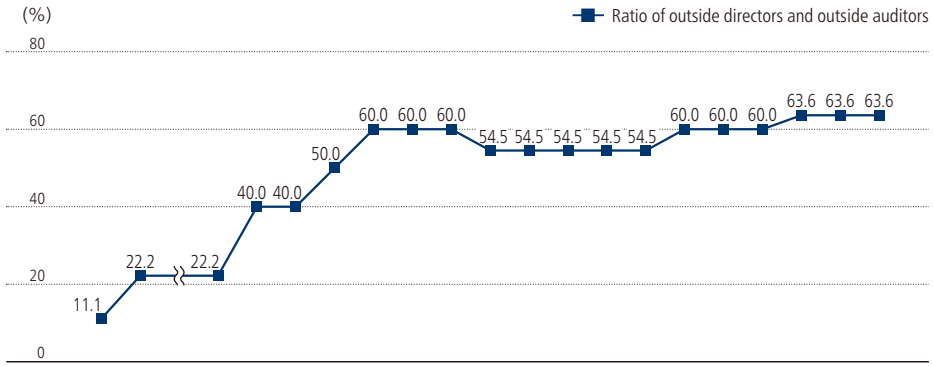
Meetings held (FY2024)　5　　Attendance　100%

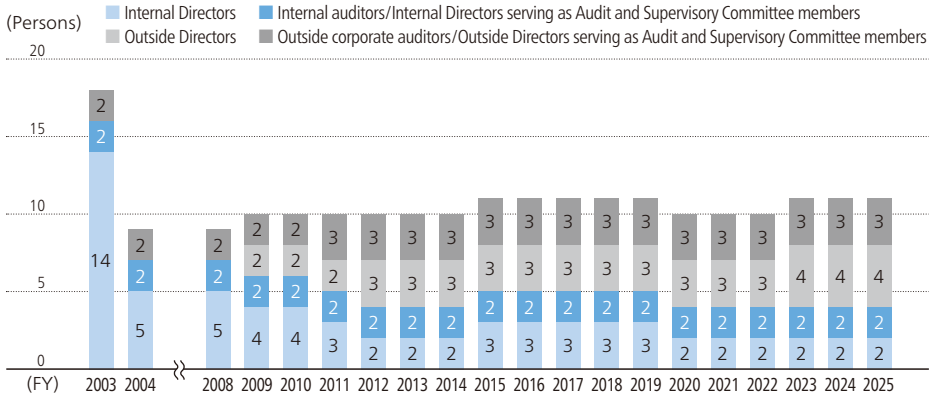
5 Compensation Advisory Committee　Chair: Hiroshi Ozaki (Outside Director)

The Compensation Advisory Committee, serving as an advisory body to the Board of Directors, is composed of five Outside Directors (including one Audit and Supervisory Committee member), the Representative Director, President and CEO, and one standing Audit and Supervisory Committee member, with an Outside Director serving as the chairperson. Discussions are held on confirming compensation levels and various compensation ratios; performance evaluations of directors and Corporate Officers for the previous fiscal year; performance evaluation indicators for the current fiscal year; the ideal compensation system for directors, Corporate Officers, and heads of organizations, including stock-based compensation; and a compensation framework in light of the transition to a company with an Audit and Supervisory Committee.

Meetings held (FY2024)　4　　Attendance　100%

Changes in corporate governance structure





2000s	2010s	2020s
• Number of internal directors reduced to five from fourteen • Introduction of corporate officer system • Appointment of outside directors • Establishment of Nomination Advisory Committee • Establishment of Compensation Advisory Committee • Start of opinion exchanges with auditors	• Majority passed to outside directors and outside auditors • Start of Information sharing meetings with outside directors • Advent of a female director • Changing composition of Nomination Advisory Committee and Compensation Advisory Committee (to majority of members now being outside directors)	• Outside director appointed chairperson of the Board of Directors • Increase in number of female directors • The performance review of the president (CEO) conducted by the Nomination Advisory Committee • Transition to a company with an Audit and Supervisory Committee • Appointment of Foreign Directors

Corporate Governance

Skills required of directors and the Board of Directors

To realize SHIONOGI Group Heritage globally and achieve the Medium-Term Business Plan STS2030 Revision, we believe it is necessary for the Company to make transparent, fair, prompt, and decisive decisions based on the perspectives of customers, society, shareholders, and employees. To enhance the supervisory function of the Board of Directors over business execution, increase management transparency, and promote highly fair management, we aim for an appropriate balance of diverse skills, including experience in management, specialized knowledge in law and finance, medical and pharmaceutical viewpoints, and knowledge and experience in international business among the directors and the Board of Directors.

Skill matrix (as of July 1, 2025)

Since 2020, SHIONOGI has revised and added to the categories of its skill matrix to align with the Company's business progress and ideal management direction. However, during the revision for fiscal 2024, the Board of Directors raised concerns that the broadening range of skills was obscuring the Company's uniqueness. In response to this, we reorganized the skill categories mentioned below and changed the format to display only those skills in which each officer is especially expected to demonstrate expertise.

We have consolidated or renamed the previously disclosed categories as follows: "Partnering/M&A" and "Global business" are now included under "Corporate management/Management strategy"; "Legal Affairs/Compliance/Intellectual property" is now included under "Legal Affairs/Risk management"; and "New business development" is now included under "Science/Technology/Innovation." We have also added "DX promotion" as a new skill category, defined as the experience, achievements, and expertise gained through DX initiatives that enhance corporate value by driving innovation in management and strengthening the management foundation.

Please note that two categories previously included in this table through fiscal 2024—Corporate governance and SDGs/Sustainability—have been omitted from disclosure starting in fiscal 2025, because they are considered fundamental skills required of the SHIONOGI Group's officers. We continue to make use of them when considering new officer appointments and the Company's succession planning.

Directors (as of July 1, 2025)

Name	Age	Number of years in post	Skills							
			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
Representative Director, President and CEO Isao Teshirogi, Ph.D.	65	23	●			●	●			●
Director John Keller, Ph.D.	60	—	●			●		●		
Independent Outside Director Keiichi Ando	73	9	●	●	●					●
Independent Outside Director Hiroshi Ozaki	75	6	●			●	●		●	
Independent Outside Director Takaoki Fujiwara	73	2 (5 years as Corporate Auditor)	●		●			●		
Independent Outside Director Kyoko Hirose	66	—	●		●		●			

Directors serving as Audit and Supervisory Committee members (as of July 1, 2025)

Name	Age	Number of years in post	Skills							
			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
Director Standing Audit and Supervisory Committee Member Noriyuki Kishida	64	— (1 year as Corporate Auditor)			●			●		●
Director Standing Audit and Supervisory Committee Member Koji Hanasaki	63	—		●		●	●			
Independent/Outside Director Audit and Supervisory Committee Member Shuichi Okuhara	57	— (5 years as Corporate Auditor)	●	●		●			●	
Independent/Outside Director Audit and Supervisory Committee Member Fumi Takatsuki	50	5			●					●
Independent/Outside Director Audit and Supervisory Committee Member Yoriko Goto	66	— (2 years as Corporate Auditor)	●	●						●

* 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.

Corporate Governance

Succession plan

SHIONOGI has criteria to appoint, reappoint, and dismiss directors and the president (CEO), and defined the requirements necessary for the Company to conduct sustainable management and continue fulfilling its responsibilities to society. In terms of succession planning, the Nomination Advisory Committee lists Corporate Officers who are candidates to succeed the president (CEO) and directors, and conducts assessments of each candidate's current status. While confirming the experience and achievements of potential successors in relation to appointment requirements and the skill matrix, the Committee updates itself on each candidate's performance and self-improvement over the past year, in order to exchange opinions on the evaluation and development of each candidate as well as deliberate on candidate replacements.

Developing Corporate Officers and Associate Corporate Officers

Corporate Officers and Associate Corporate Officers—candidates for the next generation of management—are selected after they have gained practical management experience through opportunities such as the President's Management Seminar and appointments to Group company executive positions. We are continuously developing candidates by having them experience business execution in multiple departments and organizations to diversify skills and integrate strengths. To help evaluate their expertise and experience, we are making efforts to increase their interaction with outside directors/outside corporate auditors by having them explain proposals submitted to the Board of Directors. For Associate Corporate Officers, specifically, we hold three informal meetings that provide them with opportunities to converse with outside directors/outside corporate auditors and cultivate a mindset essential for management. We also hold networking events that bring together outside directors/outside corporate auditors, Corporate Officers, and Associate Corporate Officers, providing a venue for outside directors/outside corporate auditors to understand the character of each management candidate. (Both informal meetings and networking events are based on FY2024 results.)

The effectiveness of the Board of Directors

Mechanisms to enhance effectiveness

Outside directors/outside corporate auditors and the President opinion exchange

Meetings that serve as a venue for the outside directors/outside corporate auditors and the President to exchange opinions are in principle held three times per year. These opinion exchanges take place with the objective of enhancing the quality of discussions at the Board of Directors meetings. Opinion exchange meetings are convened with outside directors, outside corporate auditors, and the Representative Director, President and CEO in attendance, and topics for discussion include recent trends in the healthcare industry and Company business, as well as the status of operations. Three meetings were held in fiscal 2024.

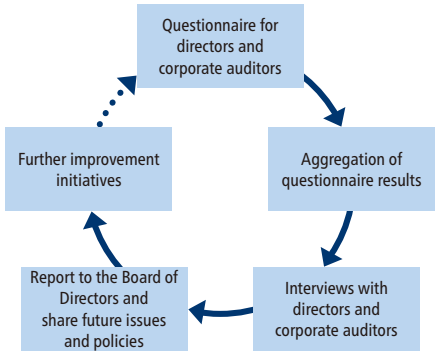
Outside directors/outside corporate auditors information exchange and study sessions/ Supervisory Unit report sessions

In order to deepen understanding of SHIONOGI's business, outside directors/outside corporate auditors information exchange and study sessions, which are attended by outside directors/outside corporate auditors and senior management of SHIONOGI, are held. In fiscal 2024, tours and discussions were held at two production site plants (Settsu Plant and Tokushima Plant). Additionally, reports on the status of business execution were provided by each Senior Vice President of Supervisory Unit, sharing information on business progress and current challenges at SHIONOGI.

Analysis/Evaluation of effectiveness

The overall effectiveness of the Board of Directors for fiscal 2024 was analyzed and evaluated by the Board of Directors based on questionnaires and interviews with each director and auditor, focusing on "6. Directors and the Board (1) Framework, (3) Roles and Responsibilities, (6) Operation" based on SHIONOGI's "Basic Views and Guidelines on Corporate Governance."

Method of effectiveness evaluation



Corporate Governance

Results of analysis and evaluation for fiscal 2024 and response policy for fiscal 2025

Response policy for fiscal 2024

1. Selecting directors as candidates to succeed the management team in anticipation of changes to organizational design and further globalization
2. Enhancing the management talent pool, including the passing on of the knowledge held by current personnel
3. Sharing the status of deliberations and reviews concerning business execution beyond agenda items submitted to the Board of Directors
4. Expanding opportunities (for example, off-site) to freely and openly exchange opinions beyond Board of Directors meetings, and exploring potential topics
5. Enhancing the board's agenda in line with the evolution of the Corporate Governance Code
(e.g., investment in human capital, risk management, management that is conscious of the cost of capital)

Implementation status and evaluation results for fiscal 2024

Structure

We believe that the necessary structure is currently in place for such things as the selection of new foreign and female director candidates, from the standpoint of various factors, including expertise and experience, as well as diversity. However, future issues were raised in view of our expanding and changing business, such as the need to adapt to globalization. Also raised—from the perspectives of diversity, which includes expertise, and succession—were the needs to appoint the next generation of successor candidates and expand the talent pool to develop and select director candidates.

Roles and responsibilities

Regarding the reporting of the development status of management executives and its supervision, we have made significant progress in enhancing the succession plan by reviewing the performance of the president (CEO) and creating and using succession sheets for Corporate Officers. Development status was also monitored by continuing to report at meetings between outside directors/outside corporate auditors and the president to exchange opinions, and by holding informal meetings between Corporate Officers, Associate Corporate Officers, and outside directors/outside corporate auditors. Regular reports on compliance and risk management continued, leading to lively discussions at Board of Directors meetings. Furthermore, multiple proposals and reports related to sustainability and human capital were submitted to, deliberated on, and resolved at Board of Directors meetings.

Future issues have been raised for consideration— in light of changes to organizational design—from enhancing discussions on medium- to long-term management strategies, to the direction of authority delegation, to distinguishing between matters requiring resolution and those requiring reporting at Board of Directors meetings.

Operations

To further stimulate deliberations at Board of Directors meetings, regular pre-meeting explanations on board agenda items continued to be held, and reports were made as appropriate on matters resolved by the board. The Company also used off-site venues beyond Board of Directors meetings to deepen discussion and enhance the sharing of information.

In light of changes to organization design, the exploring of opportunities to provide information to directors other than Audit and Supervisory Committee members was raised as a future issue. In addition, opinions were expressed on exploring methods of explanation at Board of Directors meetings, providing materials earlier, and using opportunities outside of Board of Directors meetings to further enrich discussions.

Response policy for fiscal 2025

Based on these evaluation results, we will continue to make improvements to ensure that the Board of Directors becomes even more effective in the future. The policy for improvement is as follows:

1. Enhance discussions on human capital investment, taking into account the status of succession and a DE&I perspective
2. Properly operate the Board of Directors and the Audit and Supervisory Committee following changes to organizational design
3. Consider the best way to provide information to outside directors/outside corporate auditors in order to enhance the board's efficiency and further stimulate discussion
4. Organize agenda items for Board of Directors meetings in response to changes in the external environment and organizational design

Corporate Governance

Example of Board of Directors deliberations (1)

Discussion on establishing criteria for appointing, reappointing, and dismissing directors and the president (CEO)

Board of Directors report and resolution details	During the first-ever performance review of the president (CEO) conducted in fiscal 2023 and the subsequent Nomination Advisory Committee meeting, external Committee members raised the issue of—and held ongoing discussions on—the need for criteria to appoint, reappoint, and dismiss the president (CEO) as well as clearer succession planning. As a result, criteria were established to appoint and dismiss top management as well as, of course, directors. These criteria were submitted to, and approved by, the Board of Directors as indicators to be used in future performance reviews of the president (CEO) and in succession planning. As for succession planning, the establishment and implementation policy of new succession sheets—which document each Corporate Officer's past achievements, degree to which they fulfill the requirements set out in the aforementioned appointment/dismissal criteria, and development strategies for unmet requirements—were reported to the Board of Directors, and deliberated on alongside the Committee's recommendations.
Main discussions	Regarding the recommendations, while the clarification of succession planning was raised as an issue last fiscal year, there was the opinion that the criteria formulated this time for appointing and dismissing directors and the president (CEO) would also be useful when considering successors. On the other hand, it was suggested that, anticipating situations where multiple outstanding candidates emerge, retention strategies for those not selected should also be considered. Going forward, it was agreed that revisions would be made as appropriate based on issues that arise in the overall implementation of the succession plan, and that the Board of Directors as a whole would work to enhance its effectiveness. Subsequently, evaluation results were submitted to the Nomination and Advisory Committee for subordinate executives who were assessed by the president and Senior Vice President of Supervisory Unit using the succession sheets. Progress on succession planning was reviewed from a fair and objective perspective, and discussions are underway on future development plans.

Example of Board of Directors deliberations (2)

Discussion on dissolving the joint venture with Ping An Insurance (Group) Company of China, Ltd. and the future of business in China

Board of Directors report and resolution details	Regarding the dissolution of the joint venture established in fiscal 2020 with Ping An Insurance (Group) Company of China, Ltd., executives presented a proposal that covered the background for the dissolution, reviewed the joint venture's activities to date, outlined the share transfer agreement related to the dissolution and its financial impact, and shared expansion prospects for business in China and ASEAN. Following deliberation, the proposal was approved by resolution. According to the executives' explanation, while the joint venture was affected by changes in the environment of its China operations and policy shifts in the country's pharmaceutical industry, it reported achieving some results toward the business targets set at the time of its establishment. These included the creation of new drug candidates by leveraging AI and the development of a human error prevention system—part of the smart factory concept—that featured AI worker monitoring and IC tag-based raw material management. Furthermore, it was explained that significant progress was made in the clinical development and regulatory affairs for proprietary drugs, such as cefiderocol and naldemedine, establishing a foundation for expanding the new drug business in China and ASEAN.
Main discussions	While progress had been made in each area, because the results were not sufficient relative to the business plan established at the time of the joint venture's formation, and reaching consensus on decisions regarding the core business was time-consuming, it was suggested that dissolving the joint venture at that juncture was a reasonable conclusion. In addition, requests were made for the Company to thoroughly examine and consider how to independently develop its business within the Chinese pharmaceutical market—where other companies also struggle—and report to the Board of Directors as appropriate. On the other hand, the handling of the roughly 2% stake in SHIONOGI held by Ping An Insurance (Group) Company of China, Ltd. and the resolution of rights tied to the joint venture's four years of operation were identified as risks. Discussions were held on how to best address and respond to these concerns.

Corporate Governance

Remuneration for officers

The Compensation Advisory Committee, which consists of a majority of outside directors, deliberates carefully on the matter of officers' compensation and discusses the ideal state of and various issues concerning remuneration for directors and corporate officers, verifies the levels of compensation every year, and deliberates the compensation system and performance evaluation system for the following fiscal year.

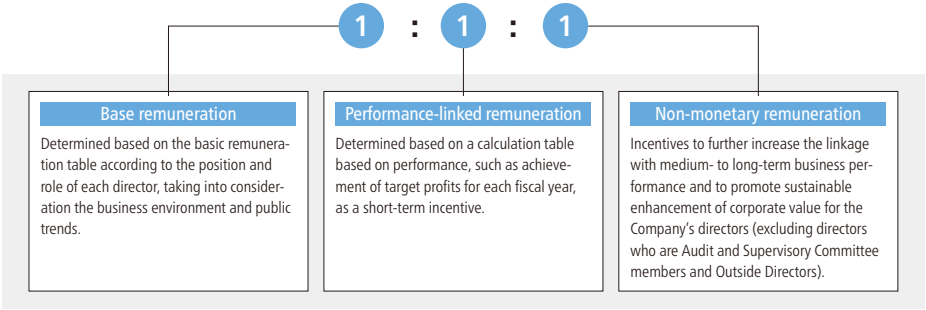
Remuneration framework

Total director remuneration is determined within limits set by resolution of the General Meeting of Shareholders. This consists of base monthly remuneration, performance-linked bonuses determined by results for the fiscal year and other factors, and since fiscal 2018, restricted stock compensation (medium-term performance-linked and long-term). Also, Directors who are Audit and Supervisory Committee and Outside Directors receive only base remuneration.

Composition of remuneration

The targeted ratio for each type of remuneration for directors (excluding directors who are Audit and Supervisory Committee members and Outside Directors) is set at base remuneration: performance-linked remuneration*1, etc.: non-monetary remuneration*1, etc. = 1:1:1 on the premise that all KPIs are achieved.

*1 Performance-linked remuneration, etc. consists of executive bonuses, and non-monetary remuneration, etc. consists of restricted stock.



Base remuneration

Base remuneration is determined based on the base remuneration table according to the position and role of directors with due consideration of the management environment and global trends.

Performance-linked remuneration

Bonus is paid as cash remuneration, which reflects performance indicators (operating profit excluding sales of assets, etc., consolidated net income and other total performance evaluation as directors) to heighten the awareness of improving performance for each fiscal year. As short-term incentives, they are determined based on the calculation table according to performance such as achievement of targeted profits and other factors in each fiscal year and paid in June of each year.

Non-monetary remuneration

Stock-based compensation is granted in July of each year based on the stock-based compensation table according to directors' rank and job responsibilities. For medium-term performance-linked stock compensation in particular, the performance evaluation will be based on the degree of achievement in fiscal 2025 for the portion to be granted in the three years from fiscal 2023 through fiscal 2025 (Phase 2) during the STS2030 Revision (fiscal 2023 through fiscal 2030) to determine the ratio of lifting the transfer restriction (100% to 0%). Performance evaluations use such quantitative indicators as revenue, overseas net sales, CAGR, EBITDA, ROE and the ranking in total shareholder return (TSR) among 11 industry peers including SHIONOGI (relative TSR) and also incorporate the status of ESG and compliance, and the status of investments. Additionally, 50% of the stock-based compensation amount converted at the stock price at the time of transfer restriction lifting is paid as monetary compensation at the time of transfer restriction lifting.

The performance evaluation indicators for medium-term performance-linked stock compensation are as follows.

Items	FY2025 target
Revenue (billions of yen)	550.0
Overseas net sales CAGR (%)*2	50
EBITDA (billions of yen)	200.0
ROE (%)	14.0 or more
Relative TSR (Rank/11 companies)*3	—

*2 Starting from fiscal 2022

*3 Relative TSR is calculated over the three-year period from fiscal 2023 to fiscal 2025

The Compensation Advisory Committee discusses the ratio of remuneration by type for executive directors in consideration of remuneration levels, using as its benchmark companies that have a similar business size to SHIONOGI and are included among the relevant business types and categories. The Board of Directors, in respect of the 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

Corporate Governance

for determination thereof is set in accordance with the Policy for Determination of Details of Individual Remuneration, etc. for Directors. In addition, pursuant to the resolution at the Board of Directors meeting held on February 22, 2021, it is considered appropriate that base remuneration and individual bonus amounts, etc. are evaluated by a person who bears the ultimate management responsibility, and thus, such evaluation and determination are entrusted to the 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 the Representative Director, President and CEO, to whom such determination is entrusted, shall make decisions in accordance with said recommendations and the abovementioned resolution by the Board of Directors.

Regarding the guideline for the ratio of each type of remuneration, etc., as a result of revising the medium-term performance-linked stock-based compensation table from fiscal 2021 to place more emphasis on performance and take the shareholders' perspective, the system is designed so that for directors, assuming 100% achievement of KPIs, the ratio of base remuneration : performance-linked remuneration, etc. : non-monetary remuneration, etc. is approximately 1:1:1.

As a result, the proportion of base remuneration for fiscal 2024 is about 37%, due to the achievement status of the current profit target and the impact of stock prices on stock-based compensation. The Board of Directors confirms that the details of individual remuneration, etc. for directors for the current fiscal year are in line with the policy for determination through deliberations and reports at Board of Directors and Compensation Advisory Committee meetings.

The maximum amount of executive remuneration approved by resolution at the General Meeting of Shareholders on June 18, 2025, is as follows. For directors (excluding directors who are Audit and Supervisory Committee members): Up to 2 billion yen annually (6 directors, including 4 Outside Directors; excludes employee salaries for directors who concurrently serve as employees). For directors who are Audit and Supervisory Committee members: Up to 750 million yen annually (5 directors). Furthermore, restricted stock compensation is granted to directors, excluding directors who are Audit and Supervisory Committee Members and Outside Directors. The total number of shares of the Company's common stock to be issued or disposed of for this purpose shall be up to 250,000 shares per year, and the total amount of monetary claims to be paid as compensation for the granting of such restricted stock, when combined with other forms of remuneration for directors, shall be up to 2.0 billion yen per year (2 directors; excludes employee salaries for directors who concurrently serves as employees).

Actual remuneration

Actual remuneration for fiscal 2024, which was prior to the transition to a company with an Audit and Supervisory Committee, was as follows.

Total amount of remuneration for Directors and Corporate Auditors (fiscal 2024)

(Millions of yen)

Category	Persons	Total amount of remuneration, etc. by type			
		Base remuneration	Performance-linked remuneration, etc.*1	Non-monetary remuneration, etc.*2	Total
Directors (of which Outside Directors)	6 (4)	240 (84)	136 (—)	134 (—)	511 (84)
Corporate Auditors (of which Outside Corporate Auditors)	6 (3)	135 (60)	— (—)	— (—)	135 (60)
Total	12	376	136	134	647

Total consolidated remuneration, etc. by director (fiscal 2024)

(Millions of yen)

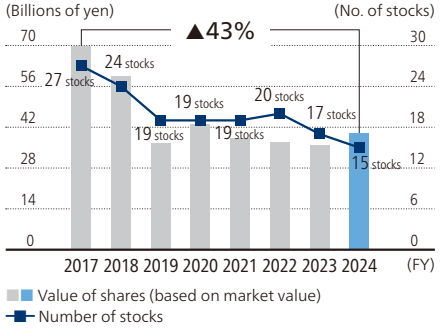
Name	Position	Total amount of remuneration, etc. by type			
		Base remuneration	Performance-linked remuneration, etc.*1	Non-monetary remuneration, etc.*2	Total
Isao Teshirogi	Director	96	84	89	270
Takuko Sawada	Director	60	52	44	157

*1 The amount of "Performance-linked remuneration, etc." above is the amount of provision for Directors' bonuses for the fiscal year.
*2 The amount of "Non-monetary remuneration, etc." above is the amount recorded as an expense in the fiscal year.

Cross-shareholdings

The business rationality for continuing to hold cross-shareholdings is verified annually at the Board of Directors. From the two standpoints of economic rationality and strategic validity, cross-shareholdings are held only if it is judged to enhance SHIONOGI's corporate value and contribute to a sustainable increase in corporate value, and otherwise, they are gradually sold considering stock prices and market trends. In fiscal 2024, two stocks were reduced.

Trend of cross-shareholdings (Listed stock, market value)



Regarding the exercise of voting rights, the pros and cons are judged by multiple departments including the corporate management unit in light of the internal policy on the exercise of voting rights, and the rights are exercised. If there are doubts about the content of the proposal, measures such as requesting explanations from the issuing company are taken, and responses are made in accordance with the cross-shareholding policy. We will continue to fulfill our responsibilities as shareholders in the future.

Members of the Board (as of July 1, 2025)

For details of the profiles of the Directors and Directors who serve as Audit and Supervisory Committee Members, please refer to our company website.

Directors

Takaoki Fujiwara
Independent Outside Director

0 shares

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)

Keiichi Ando
Independent Outside Director

0 shares

April	1976	Joined Sumitomo Bank Limited (now Sumitomo Mitsui Banking Corporation)
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	Outside 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

Isao Teshirogi, Ph.D.
Representative Director, President and CEO

280,950 shares

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)

John Keller, Ph.D.
Senior Executive Officer, Senior Vice President, R&D Supervisory Unit

9,000 shares

July	2010	Joined Shionogi Inc. (SI) Executive Vice President, Corporate Development and Strategy
April	2011	President and Chief Executive Officer (CEO) of 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 and Senior Executive Officer, Senior Vice President, R&D Supervisory Unit of the Company (incumbent)

Hiroshi Ozaki
Independent Outside Director

0 shares

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	Outside 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)

Kyoko Hirose
Independent Outside Director

0 shares

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 (Member of the Audit and Supervisory Committee) of Okumura Corporation (incumbent)
June	2025	Outside Director of the Company (incumbent)

Number of the Company's share owned

Members of the Board

Directors Who Are Audit and Supervisory Committee Members

Noriyuki Kishida

Director, Standing Audit and Supervisory Committee Member

22,317 shares

April	1984	Joined the Company
October	2004	General Manager, Corporate Communications Office
April	2009	General Manager, Corporate Communications Office and General Manager, Secretary Office
April	2011	General Manager, Human Resources Department
April	2017	Corporate Officer and General Manager of Human Resources and General Affairs Department
April	2020	Senior Executive Officer and Senior Vice President of Administration Division
July	2021	Senior Executive Officer, Senior Vice President of Administration Division and General Manager of Legal Affairs Department
July	2022	Senior Executive Officer and Senior Vice President of Corporate Supervisory Unit
June	2024	Standing Corporate Auditor of the Company
June	2025	Director (Member of the Audit and Supervisory Committee) of the Company (incumbent)

Shuichi Okuhara

Independent Outside Director, Audit and Supervisory Committee Member

0 shares

April	1994	Joined Andersen Consulting Co., Ltd. (now Accenture Japan Ltd.)
January	1998	Joined Nippon Venture Capital Co., Ltd.
June	2008	Director and Investment Manager of Nippon Venture Capital Co., Ltd.
April	2009	Representative Director and President of Nippon Venture Capital Co., Ltd.
June	2019	Representative Director and Chairman of Nippon Venture Capital Co., Ltd.
June	2020	Outside Corporate Auditor of the Company
June	2025	Outside Director (Member of the Audit and Supervisory Committee) of the Company (incumbent)

Yoriko Goto

Independent Outside Director, Audit and Supervisory Committee Member

0 shares

November	1983	Joined Deloitte Haskins and Sells International (now Deloitte Touche Tohmatsu LLC)
June	1996	Partner of Deloitte Touche Tohmatsu Limited (now Deloitte Touche Tohmatsu LLC)
June	2007	Japan Leader of Global Financial Services Industry, Deloitte Touche Tohmatsu Limited
October	2010	Managing Partner of Financial Services Industry, Deloitte Touche Tohmatsu LLC
October	2013	Member of Executive Committee of Deloitte Touche Tohmatsu LLC and Member of Board of Deloitte Touche Tohmatsu Limited
June	2018	Chairperson of the Board of Deloitte Touche Tohmatsu LLC and Deloitte Tohmatsu Group, and Member of Board of Deloitte Touche Tohmatsu Limited
November	2018	Member of Board of Deloitte Asia Pacific Limited
October	2022	President of Yoriko Goto CPA Office (incumbent)
October	2022	Outside Director (Member of the Audit and Supervisory Committee) of Sumitomo Mitsui Banking Corporation
June	2023	Outside Corporate Auditor of the Company
June	2025	Outside Director (Member of the Audit and Supervisory Committee) of the Company (incumbent)
June	2025	Outside Director of Sumitomo Mitsui Financial Group, Inc. (incumbent)
June	2025	Outside Director of Sony Group Corporation (incumbent)

Fumi Takatsuki

Independent Outside Director, Audit and Supervisory Committee Member

0 shares

October	2000	Registration of Attorney at Law
October	2000	Joined Oike Law Offices
December	2003	Joined Anderson Mori & Tomotsune Law Offices
February	2004	Service at Beijing Office of Anderson Mori & Tomotsune Law Offices
April	2006	Joined Oh-Ebashi LPC & Partners
January	2009	Partner of Oh-Ebashi LPC & Partners (incumbent)
June	2020	Outside Director of the Company
June	2023	Outside Corporate Auditor of Sankyo Seiko Co., Ltd. (incumbent)
June	2024	Outside Corporate Auditor of Daikin Industries, Inc. (incumbent)
June	2025	Outside Director (Member of the Audit and Supervisory Committee) of the Company (incumbent)

Koji Hanasaki, Ph.D.

Director, Standing Audit and Supervisory Committee Member

39,978 shares

April	1986	Joined the Company
April	2009	General Manager, Discovery Research Laboratories
April	2010	Corporate Officer, Executive General Manager, Pharmaceutical Research Division
April	2015	Corporate Officer, General Manager, Finance & Accounting Department
April	2017	Senior Executive Officer, General Manager, Finance & Accounting Department
April	2018	Senior Executive Officer, Senior Vice President, Corporate Strategy Division
July	2021	Senior Executive Officer, Senior Vice President, Global Business Division
July	2022	Senior Executive Officer, Senior Vice President, Supply Supervisory Unit
April	2025	Senior Executive Officer
June	2025	Director (Member of the Audit and Supervisory Committee) of the Company (incumbent)

Number of the Company's share owned

Corporate Officers

Senior Executive Officers

John Keller, Ph.D.
Toshinobu Iwasaki, Ph.D.
Kazuhiro Hatanaka
Akira Kato, Ph.D.
Yasuyoshi Iso, Ph.D.

Corporate Officers

Takeshi Shiota, Ph.D.
Tatsumori Yoshida
Masashi Deguchi, Ph.D.
Yosuke Miharu
Takeki Uehara, Ph.D.
Yoshinori Yurugi
Satoru Yoshimoto
Tetsuya Numa
Toshiyuki Asaki, Ph.D.
Masako Kudou
Kenji Matsuo, Ph.D.

Ensure Compliance

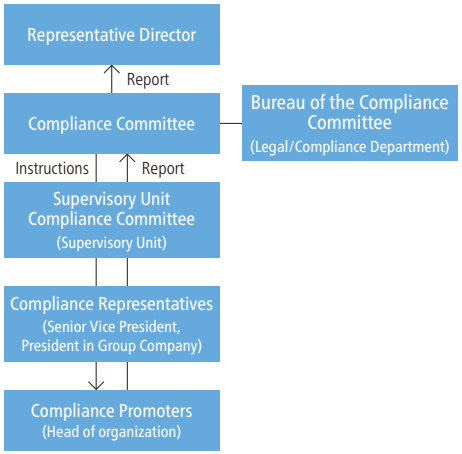
SHIONOGI regards compliance as the foundation supporting corporate survival and sustainable growth, and positions it as the basis for all business activities. Going beyond mere compliance with laws and regulations, we maintain high behavioral standards based on social norms and ethics, thoroughly ensuring that all executives and employees practice sincere and responsible conduct. We aim to remain a company that contributes to realizing a better society, founded on trust from society.

Compliance promotion initiatives

Compliance promotion structure

SHIONOGI positions compliance as the foundation of all business activities and promotes thorough compliance with each officer and employee understanding its importance. SHIONOGI has established a Supervisory Unit Compliance Committee that plays a role in identifying potential risks throughout the business process and formulating countermeasures. Furthermore, each head of organization serves as a promoter, working to foster a sound and transparent corporate culture in daily operations while implementing education and monitoring within their organizations. Through this, we aim to improve our credibility as a company that fulfills social responsibilities, going beyond mere legal compliance.

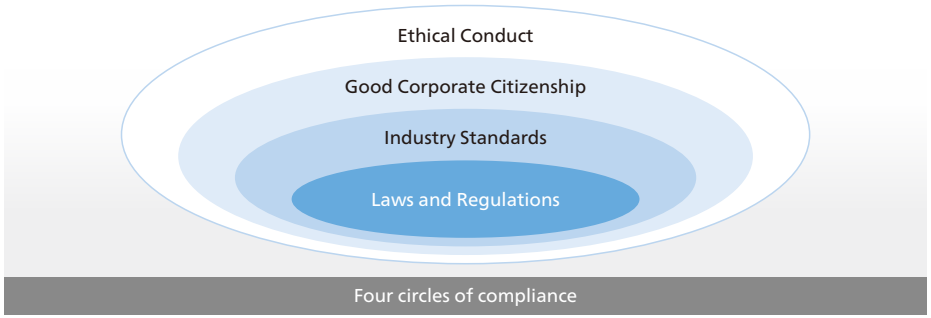
Compliance promotion structure (as of April 2025)



Establishment of New SHIONOGI Group Code of Conduct

In April 2025, SHIONOGI Group established a new, globally unified SHIONOGI Group Code of Conduct. This code is structured based on the behavioral principle "Hai 5 (Five 'Yes's)" as a guide for all management and employees to practice ethical and responsible behavior regardless of country or region. We have integrated codes of conduct that were previously developed individually by each company, enhancing consistency and effectiveness across the entire Group. In establishing this code, we conducted extensive discussions considering the laws and cultural backgrounds of each country and reflected opinions from operational level staff to create effective content. Going forward, we will conduct reading sessions and e-learning led by heads of organizations in each workplace, along with regular reviews, so that each employee can deeply understand the content, make appropriate judgments and take proper actions in their daily work. SHIONOGI will continuously strengthen compliance practices to fulfill our social responsibilities as a trusted corporate citizen.

Our Group compliance approach



Activities for compliance with Guidelines on Sales Information Provision Activities for Ethical Drugs

In fiscal 2024, conduct that violated Guidelines on Sales Information Provision Activities for Ethical Drugs was confirmed at lectures for *Actair*, an allergen immunotherapy drug, and we received written administrative guidance from the Ministry of Health, Labour and Welfare. Taking this matter seriously, under the leadership and responsibility of management, we have formulated an improvement plan and are thoroughly implementing recurrence prevention measures while strengthening education for all management and employees regarding Guideline compliance. We will continue to ensure that our information provision activities are highly transparent and reliable, and fulfill our social responsibilities.

For details on compliance initiatives, please visit our website.

Risk Management

As the pace of social transformation accelerates, the uncertainties impacting business strategy and execution are becoming increasingly diverse and complex. To accomplish the transformation envisioned in STS2030 Revision and achieve further growth, it is essential for SHIONOGI to properly manage risks. By strategically managing both opportunities and threats, we aim to enhance our organizational resilience and adaptability.

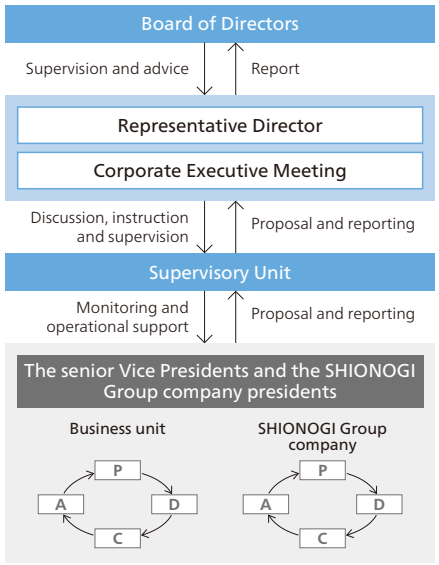
Promotion of risk management

SHIONOGI positions its company-wide risk management system which oversees business risks across the entire Group, including crisis management for pandemics, natural disasters, terrorism, and cyberattacks, as well as appropriate management practices such as creating business opportunities and mitigating risks, as a key component of its management strategy and foundation.

Risks are discussed quarterly at the Corporate Executive Meeting, where the risk list is updated, key risks to be addressed are identified, and responsible supervisors are appointed. These supervisors collaborate with relevant departments, including other supervisors, to formulate and implement response plans, with progress monitored at the Corporate Executive Meeting.

Each responsible supervisor is accountable for appropriately managing risks under their purview and for discussing risks that may significantly impact management at the Corporate Executive Meeting. By centering the risk management system around these supervisors, SHIONOGI ensures the ability to swiftly and flexibly identify issues and promote response planning even during the fiscal year.

Risk management structure



Crisis management/Incident management

We are continuously strengthening our risk management system to withstand changes in global conditions, shifts in relationships between nations, and increasing natural disasters. In the event of a crisis, we prioritize protecting human life and ensuring safety, promptly take measures to minimize damage and prevent recurrence, and continue the business. To this end, we regularly review the BCP (Business Continuity Plan) and improve its effectiveness by addressing issues identified in drills. We are also working to foster a "Bad News Fast/First" culture where negative information is reported more quickly so that it is promptly conveyed to management and responses are made when incidents occur. This fiscal year we will continue working on training and system development targeting each level.


Media training

Initiative	Target	Content
IT-BCP Construction	Company-wide	Construction of enterprise BCP considering recovery of critical systems
BCP training	Management	BCP desktop exercise for management
Media training	Management	Conducting mock press conferences
Promotion of Bad News Fast/First	Managers	Discussion in manager training (leadership meetings)
Information security education	Company-wide	Implementation of company-wide education Spam email response training
Strengthening crisis management system	Company-wide	Reorganization of crisis management/incident management system and revision of crisis management regulations and employee education

Serving as a base for the preparation and packaging of prescription drugs, the Settsu Plant of Shionogi Pharma Co., Ltd. (Settsu, Osaka Prefecture) stably and economically manufactures high-quality pharmaceuticals.

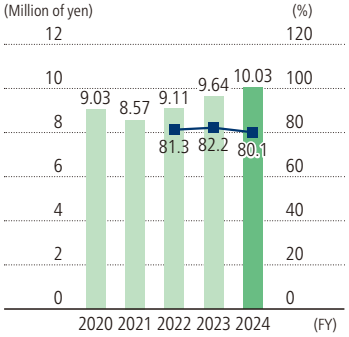
Data Section

This Section presents changes in financial status, management indicators, ESG-related data, third-party assured information, an attestation of validity, and other information concerning SHIONOGI to enhance the reliability and transparency of the Integrated Report. It objectively communicates SHIONOGI's initiatives to create value in both financial and non-financial aspects.

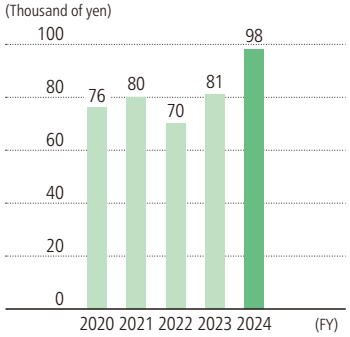
Non-Financial Highlights

Unless otherwise specified, the figures are calculated based on Shionogi & Co., Ltd.

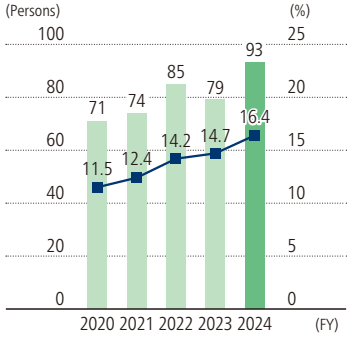
Average salary/ Wage disparities between male and female employees



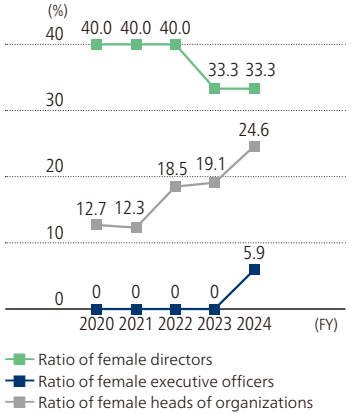
Education and training expenses per person (Domestic consolidated companies)



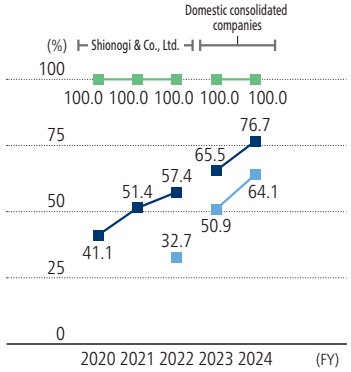
Number of female managers/ Ratio of female managers (Domestic consolidated companies)



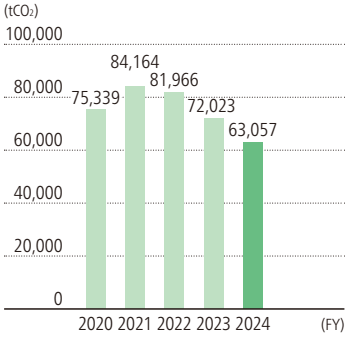
Ratio of female directors / Ratio of female executive officers / Ratio of female heads of organizations



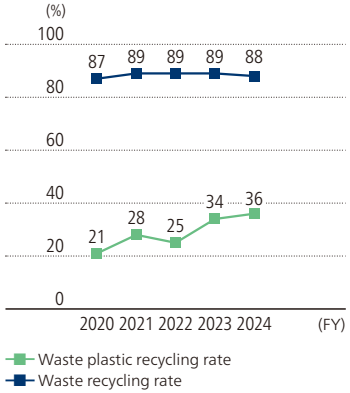
Acquisition rate of childcare leave/ days off for childcare purposes



GHG emissions (Scope 1 and 2*1, 2)



Waste plastic recycling rate/ Waste recycling rate (Domestic consolidated companies)



External evaluation

	FY2022	FY2023	FY2024
CDP	Climate change: A Water Security: A Supplier Engagement Leader	Climate change: A Water Security: A Supplier Engagement Leader	Climate change: A Water Security: A- Supplier Engagement Leader
FTSE	3.6	4.3	4.2
MSCI	AA	AA	AA
S&P/JPX Carbon Efficient Index	Sixth decile	Sixth decile	Fifth decile
Survey on Health and Productivity Management	Certified Health & Productivity Management Outstanding Organizations	Certified Health & Productivity Management Outstanding Organizations	Certified Health & Productivity Management Outstanding Organizations
Others	Bronze Medal EcoVadis Sustainability Evaluation Japan Sports Agency Sports Yell Company Ministry of the Environment Eco-First Company D&I Award Best Workplace	Bronze Medal EcoVadis Sustainability Evaluation Japan Sports Agency Sports Yell Company Ministry of the Environment Eco-First Company D&I Award Best Workplace	Silver Medal EcoVadis Sustainability Evaluation Ministry of the Environment Eco-First Company D&I Award Best Workplace

*1 Scope 2 emissions are calculated using the market-based method.

*2 SHIONOGI Group companies in Japan and Nanjing Plant (Nanjing Chang'ao Pharmaceutical Co., Ltd.). Emissions from UMN Pharma Inc. (currently Shionogi Pharma Co., Ltd., Akita Plant), Inc. and Nagase Medicals Co., Ltd. (currently Shionogi Pharma Co., Ltd., Itami Plant), which constitute the boundary for SBT targets, included as of fiscal 2019.

Non-Financial Data

For social and environmental data, we have received third-party assurance to enhance their reliability. Data for fiscal 2024 that has been assured by KPMG AZSA Sustainability Co., Ltd. is marked with a third-party assurance mark ☑.

Indicators		Unit	FY2020	FY2021	FY2022	FY2023	**FY2024**	Remarks
Social: Information on employees (Information about only Shionogi & Co., Ltd., excluding temporary employees unless otherwise stated.)								
No. of employees	Global consolidation	person	5,485 (4,617)	5,693 (4,507)	5,680 (4,468)	4,959 (3,996)	**4,955 (3,675)**	The figures in parentheses are calculated for domestic consolidated companies
	Shionogi & Co., Ltd.	person	2,589	2,510	2,458	2,117	**2,129**	
	Ratio of female employees	%	25.4 (32.7)	25.8 (33.8)	26.4 (34.5)	26.4 (35.0)	**27.0 (33.1)**	The figures in parentheses are calculated for domestic consolidated companies
Average age	Total	years old	41.2	41.6	42.1	40.9 (43.1)	**41.5 (42.8)**	Excluding seconded persons The figures in parentheses are calculated for domestic consolidated companies
	Male	years old	41.8	42.2	42.7	41.3 (43.2)	**41.9 (43.3)**	
	Female	years old	39.3	39.7	40.5	39.7 (42.8)	**40.1 (41.9)**	
Length of service	Total	year	15.7	16.0	16.5	15.1 (16.1)	**15.2 (16.0)**	Excluding seconded persons The figures in parentheses are calculated for domestic consolidated companies
	Male	year	16.0	16.3	16.6	15.2 (16.0)	**15.4 (16.2)**	
	Female	year	15.0	15.2	16.0	14.8 (16.3)	**14.8 (15.8)**	
Average salary		million yen	9.03	8.57	9.11	9.64	**10.03**	
Wage disparities between male and female employees	All workers	%	—	—	81.3	82.2	**80.1**	
	Of which regular employees	%	—	—	79.8	80.6	**78.0**	
	Of which non-regular employees	%	—	—	95.3	98.7	**107.4**	
No. of new recruits (Domestic consolidated companies)	Total	person	105	93	94	81	**98**	Recruits who will enter the Company on April 1 of the following fiscal year
	Male	person	62	52	55	53	**65**	
	Female	person	43	41	39	28	**33**	
Turnover rate of recruits enrolled for three years		%	6.0	6.9	6.7	8.3	**4.3**	Recruits who entered the Company on April 1 three years ago
Employee turnover rate		%	3.5	4.8	3.9	6.0	**5.4**	Including retirement-age employees (excluding those retiring due to early retirement programs, as they are counted separately)
Voluntary employee turnover rate		%	1.7	3.4	2.4	4.1	**4.1**	

Indicators		Unit	FY2020	FY2021	FY2022	FY2023	**FY2024**	Remarks
No. of labor union members		person	2,728	2,606	2,484	2,182	**2,057**	100% participation every year
Employment rate of people with disabilities		%	2.0 (2.7)	1.8 (2.7)	1.7 (2.7)	1.6 (2.4)	**1.0 (2.3)**	As of the end of March. The figures in parentheses are calculated for special cases in affiliated companies; Shionogi Smile Heart Co., Ltd. established in April 2018 and certified as a special subsidiary company in July 2018.
No. of female managers		person	37 (71)	40 (74)	48 (85)	49 (79)	**60 (93)**	As of April 1 of the following fiscal year. The figure in parentheses is calculated for domestic consolidated companies
Ratio of female managers		%	10.4 (11.5)	11.4 (12.4)	14.0 (14.2)	14.5 (14.7)	**16.9 (16.4)**	As of April 1 of the following fiscal year. The figure in parentheses is calculated for domestic consolidated companies
Ratio of female heads of organizations		%	12.7	12.3	18.5	19.1	**24.6**	As of April 1 of the following fiscal year
Ratio of female corporate officers		%	0/10 0.0	0/10 0.0	0/14 0.0	0/17 0.0	**1/17 5.9**	As of April 1 of the following fiscal year
Ratio of female members of the Board		%	40.0	40.0	40.0	33.3	**33.3**	As of April 1 of the following fiscal year
Utilization rate of self-investment support		%	35.9	45.6	44.8	46.5	**55.0**	A system supporting voluntary learning for union members (up to 250,000 yen per year)
Education and training expenses per person		thousand yen	76	80	70	81	**98**	(Education and training expenses + Self-investment support amount) / Number of employees (domestic consolidation)
Social: Information on labor management (Information about only Shionogi & Co., Ltd. unless otherwise stated)								
Annual regular working hours for employees		hour	1,837	1,762	1,680	1,673	**1,673**	
No. of paid holidays (Maximum)		day	21	21	21	21	**21**	The number of legal annual holidays based on the Labor Standards Act is up to 20 days.
Average No. of paid holidays taken by employees		day	12.6	13.0	14.8	13.7	**12.9**	
No. of male employees who have taken childcare leave/days off for childcare purposes		person	—	—	—	51 (72)	**62 (79)**	The figures in parentheses are calculated for domestic consolidated companies
Acquisition rate of childcare leave/ days off for childcare purposes	Male	%	41.1	51.4	57.4	61.5 (65.5)	**78.5 (76.7)**	Rate of employees who have taken childcare leave during the fiscal year when their baby was born The figures in parentheses are calculated for domestic consolidated companies
	Female	%	100	100	100	100 (100)	**100 (100)**	

Non-Financial Data

Indicators		Unit	FY2020	FY2021	FY2022	FY2023	FY2024	Remarks
Acquisition rate of 14 days or more of childcare leave/days off for childcare purposes for male employees		%	—	—	32.7	48.2 (50.9)	63.3 (64.1)	Rate of employees who have taken 14 days or more of childcare leave during the fiscal year when their baby was born
Average no. of childcare leave/days off for childcare purposes taken by male employees		day	—	—	—	33 (32)	43 (46)	The figures in parentheses are calculated for domestic consolidated companies
No. of employees who have taken nursing care leave	Male	person	0	0	0	0	0	Total number
	Female	person	1	1	0	0	0	
No. of employees who have worked on short work hours due to child rearing	Male	person	1	2	0	0	0	Total number
	Female	person	130	146	55	52	62	
No. of employees who have taken volunteer leave		person	1	1	1	2	2	
No. of employees who have taken leave for bone marrow transplant donors		person	1	0	1	1	0	
Frequency rate			0.19 (—)	0.20 (—)	0.21 (—)	0.00 (0.24)	0.00 (0.13 ☑)	The figures in parentheses are calculated for domestic consolidated companies
Severity rate			0.0047	0.0049	0.0021	0.0000	0.0000	
Social: Health (Domestic consolidated companies)								
Implementation rate of health literacy education		%	92	78	93	96	96	The minimum value among training attendance rates is listed
Smoking rate		%	11.0	7.1	5.0	3.2	3.0	
Deviation rate of stress response		—	55	54	55	49	49	Change in calculation criteria from FY2023
Rate of health checkup attendance		%	100	100	100	100	100	
Social: Compliance (Domestic consolidation unless otherwise stated)								
Legal violations with serious fines or other sanctions		case	0	0	0	0	0	Calculated for Shionogi & Co., Ltd.
No. of employee disciplinary dismissals due to violation of anti-corruption acts*		case	0	0	0	0	0	* The U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act, the Unfair Competition Prevention Act in Japan, etc.
Fines, penalties and costs of settlement related to violation of anti-corruption acts*		yen	0	0	0	0	0	

Indicators		Unit	FY2020	FY2021	FY2022	FY2023	FY2024	
Environment								
Greenhouse gas (GHG)	Total of Scope 1, 2 and 3 (Location-based)	tCO_2	209,439	230,473	230,700	233,888	268,991	
	(Market-based)	tCO_2	203,048	226,362	223,077	214,942	242,214	
	Total of Scope 1 and 2 (Location-based)	tCO_2	81,730	88,275	89,589	90,970	89,833	
	(Market-based)	tCO_2	75,339	84,164	81,966	72,023	63,057	
	Scope 1	tCO_2	37,537	41,264	41,376	40,373	40,090	☑
	(Intensity per unit of sales)	tCO_2/¥1 million	0.1263	0.1231	0.0970	0.0928	0.0915	
	Scope 2 (Location-based)	tCO_2	44,193	47,011	48,212	50,597	49,744	☑
	(Intensity per unit of sales)	tCO_2/¥1 million	0.1487	0.1403	0.1130	0.1163	0.1135	
	Scope 2 (Market-based)	tCO_2	37,802	42,900	40,589	31,650	22,967	☑
	(Intensity per unit of sales)	tCO_2/¥1 million	0.1272	0.1280	0.0951	0.0727	0.0524	
	Total of Scope 3	tCO_2	127,709	142,198	141,111	142,919	179,157	
	Category 1	tCO_2	90,753	71,462	80,608	81,528	91,370	☑
	Category 2	tCO_2	22,047	53,847	41,742	41,663	70,059	☑
	Category 3	tCO_2	5,710	6,424	6,468	3,894	2,819	☑
	Other categories	tCO_2	9,199	10,464	12,293	15,834	14,909	
Energy consumption	Total energy consumption	MWh	305,339	333,548	337,921	333,595	332,865	☑
	(Intensity per unit of sales)	MWh/¥1 million	1.0275	0.9953	0.7920	0.7667	0.7595	
	Electricity	MWh	92,111	102,436	106,154	110,202	112,415	
	Renewable energy-derived electricity	MWh	0	612	3,308	44,988	62,757	☑
	Ratio of electricity from renewable energy	%	0.0	0.6	3.1	40.8	55.8	☑
Water	Total water withdrawal	thousand m^3	1,356	1,535	1,550	1,465	1,612	☑
	Total water discharge	thousand m^3	1,146	1,287	1,369	1,334	1,447	☑
Waste	Waste generated*	t	4,180	5,170	5,766	6,111	5,559	
	Waste recycled rate*	%	87	89	89	89	88	
	Plastic waste recycled rate*	%	21	28	25	34	36	
	Waste landfilled rate*	%	0.6	0.9	1.0	0.8	0.7	
	Industrial waste discharged (excluding specially controlled industrial waste)	t	—	1,367	1,411	1,456	1,357	☑
	Specially controlled industrial waste discharged	t	—	3,642	4,197	4,449	3,881	☑
Other	Number of environmental complaints*	case	0	3	2	0	2	

* Calculated for domestic consolidated companies

Non-Financial Data

Calculation methods for social and environmental performance data

Frequency rate

Boundary of calculation Target: Employees at all domestic SHIONOGI Group business sites (regular employees and fixed-term employees working full-time (re-employed, commissioned, contracted, etc.), transferred employees (full-time))

Explanation of Indicators

Indicators	Explanation
Frequency rate	The frequency rate of occupational accidents, expressed as the number of fatalities and injuries per one million working hours. **Calculation methods:** (Number of fatalities and injuries from occupational accidents resulting in one or more days of lost work, excluding commuting accidents ÷ total actual working hours during the period) × 1,000,000

Greenhouse gas (GHG) and energy consumption

Boundary of calculation

Scope 1 and 2		SHIONOGI Group (excluding overseas Group companies [administrative offices]): SHIONOGI Group companies in Japan and Nanjing Plant (Nanjing Chang'ao Pharmaceutical Co., Ltd.)
Scope 3	Category 1	Shionogi & Co., Ltd. and Shionogi Pharma Co., Ltd.
	Category 2	SHIONOGI Group companies in Japan
	Category 3	SHIONOGI Group companies in Japan
	Other categories	SHIONOGI Group companies in Japan (UMN Pharma Inc. (currently Shionogi Pharma Co., Ltd. Akita Plant) is not included in Category 4 and Category 12 of the Other categories)
Energy consumption		SHIONOGI Group (excluding overseas Group companies [administrative offices]): SHIONOGI Group companies in Japan and Nanjing Plant (Nanjing Chang'ao Pharmaceutical Co., Ltd.)

Explanation of Indicators

Indicators		Explanation
Scope 1		CO_2 emissions resulting from fuel use **Calculation methods:** Based on "Greenhouse Gas Emissions Accounting and Reporting Manual (Ver.6.0)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan **CO_2 emission factors:** Town gas: Alternative values (ministerial ordinance emission factors) based on the "Emission Factors by Gas Suppliers (for the calculation of GHG emissions by specified emitters) (FY2024 supply results)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry (June 30, 2025). Other than town gas: Emissions factors from the "Greenhouse Gas Emissions Accounting and Reporting Manual (Ver. 6.0)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan
Scope 2		CO_2 emissions resulting from purchase of electricity and steam **Calculation methods:** Based on "Greenhouse Gas Emissions Accounting and Reporting Manual (Ver. 6.0)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan **CO_2 emission factors:** Electricity (Japan) (location-based): National average emission factors from "Emission Factors by Power Suppliers (for the calculation of GHG emissions by specified emitters) (FY2023 results)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan (March 18, 2025) Electricity (Japan) (market-based): Basic emissions factors from "Emission Factors by Power Suppliers (for the calculation of GHG emissions by specified emitters) (FY2023 results)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan (March 18, 2025) Electricity (China) (both location-based and market-based): FY2022 to 2024: National Grid Average Emission Factor (2022) in Climate Letter [2023] No. 43 of the Office of the Ministry of Ecology and Environment of China/before FY2021: Emissions Factors (2019) of the International Energy Agency (IEA) Steam (both location-based and market-based): Alternative values (ministerial ordinance emission factors) based on the "Emission Factors by Heat Suppliers (for the calculation of GHG emissions by specified emitters) (FY2023 supply results)" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry (June 30, 2025).
Scope 3	Category 1	CO_2 emissions from activities up to the manufacturing of raw materials, parts, purchased goods, and sales-related materials, etc. (hereafter goods purchased) **Calculation methods:** Based on "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.7)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan, the emissions are calculated by multiplying the purchase price by the emission factor for "Pharmaceuticals" in "[5] Emission Factor Based on the Input-Output Table" in "The Database on Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.5)" of the Ministry of the Environment of Japan. The purchase price includes transportation costs associated with the purchase of purchased goods and does not include amounts related to the purchase of services other than the above.
Scope 3	Category 2	CO_2 emissions resulting from the construction and manufacturing of own capital goods **Calculation methods:** Based on "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.7)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan, calculated by multiplying the acquisition cost of capital goods by the emissions factor for "Pharmaceuticals" in "[6] Emissions Factor per Unit Price of Capital Goods" in "The Database on Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.5)" of the Ministry of the Environment of Japan
	Category 3	CO_2 emissions resulting from procurement of fuels required for the generation of electricity purchased **Calculation methods:** Based on "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.7)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan, calculated using "[7] Emission Unit Values per Use of Electricity and Heat" in "The Database on Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.5)" of the Ministry of the Environment of Japan
	Other categories	Total of Categories 4, 5, 6, 7 and 12, excluding Categories 8, 9, 10, 11, 13, 14 and 15 that are not included in our own corporate activities or are reported under other categories **Calculation methods:** Based on "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.7)" of the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan
Energy consumption	Total energy consumption	Total calorie-converted values for purchased energy (gasoline, other fuel oils, LPG, LNG, town gas, electricity, steam) **Calculation method:** Fuel is expressed as the sum of calories calculated using calorie conversion factors under "Ordinance for Enforcement of the Act on Rationalizing etc. Energy Use" converted into MWh units with a rate of 3.6GJ per MWh. Note that calorie conversion factors disclosed by providers were used for town gas. Electricity is expressed as the sum of purchase volumes (MWh) without conversion to primary energy.
	Electricity	Amount of electricity purchased from power suppliers (Including renewable energy-derived electricity purchased from power companies)

GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.

Total water withdrawal/Total water discharge

Boundary of calculation: SHIONOGI Group (excluding overseas Group companies [administrative offices]): SHIONOGI Group companies in Japan (excluding small-scale offices such as branches and sales offices) and Nanjing Plant (Nanjing Chang'ao Pharmaceutical Co., Ltd.)

Explanation of Indicators

Indicators	Explanation
Total water withdrawal	Amount of water withdrawn from water sources **Calculation methods:** Sum of water drawn from tap water, industrial water, and groundwater
Total water discharge	Amount of water discharged externally from business sites **Calculation methods:** Sum of water discharged to sewers and rivers (for business sites where discharge is not measured, total water withdrawal is considered as total water discharge)

Industrial waste discharged (excluding specially controlled industrial waste)/Specially controlled industrial waste discharged

Boundary of calculation: SHIONOGI Group's domestic production sites and research facilities

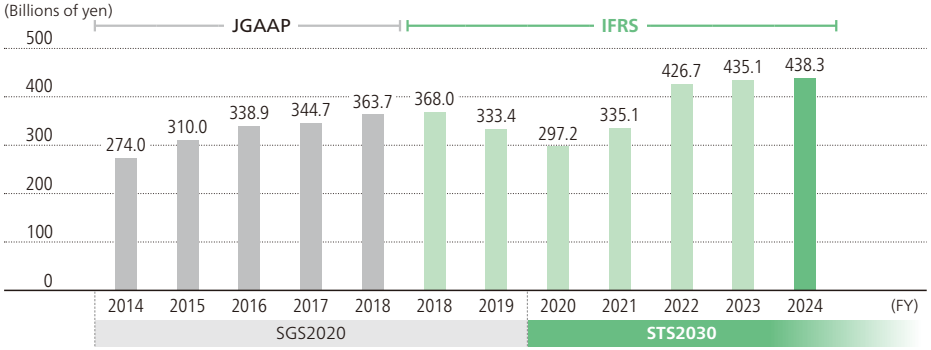
Explanation of Indicators

Indicators	Explanation
Industrial waste discharged (excluding specially controlled industrial waste)	Amount of waste designated as industrial waste under the "Waste Management and Public Cleansing Law" (Waste Management Law). **Calculation methods:** Total amount of waste emissions falling under the above category
Specially controlled industrial waste discharged	Amount of waste designated as specially controlled industrial waste under the "Waste Management and Public Cleansing Law" **Calculation methods:** Total amount of waste emissions falling under the above category

Financial Highlights

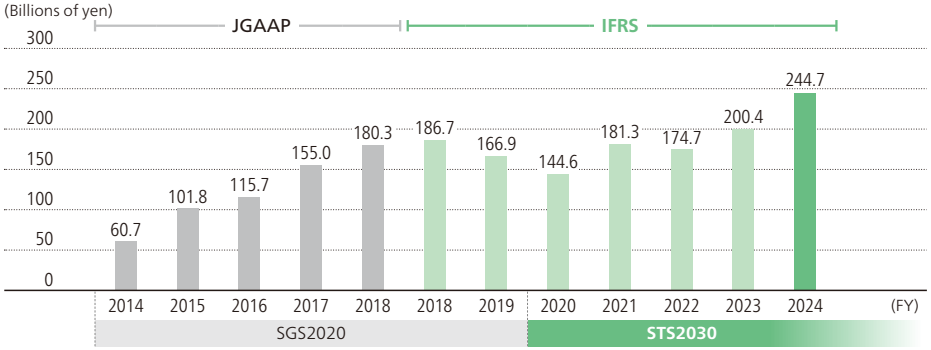
SHIONOGI has adopted International Financial Reporting Standards (IFRS) from fiscal 2019.
The financial figures for fiscal 2018 are shown according to both Japanese Generally Accepted Accounting Principles (JGAAP) and IFRS.

Revenue



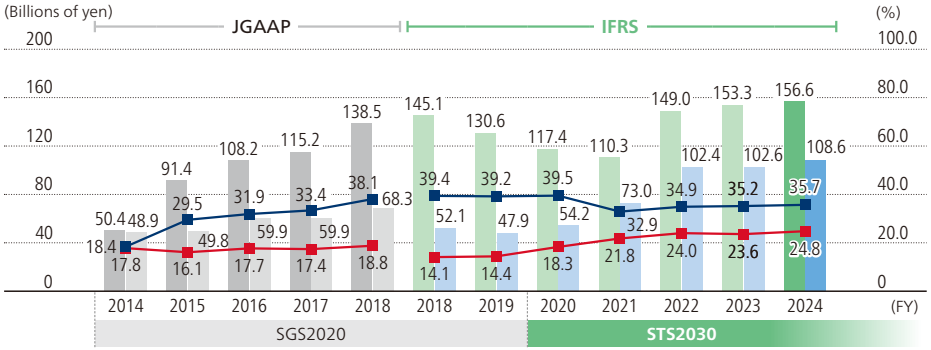
Revenue (including profit from license transfer) was 438.3 billion yen (up 0.7% year on year). In the previous consolidated fiscal year, we recorded a one-time payment of 25.0 billion yen associated with the transfer of licenses for ADHD drugs. As the result of growth in our businesses, particularly increased business overseas and an increase in royalty income, revenue for the fiscal year grew year on year, setting a record high for the third consecutive year.

Royalty income



Royalty income from ViiV Healthcare was 240.4 billion yen (up 22.8% year on year) due to the strong growth of oral two-drug and long-acting injectable (LAI) formulations and exchange rate effects. Other royalty income was 4.3 billion yen (down 6.8% year on year).

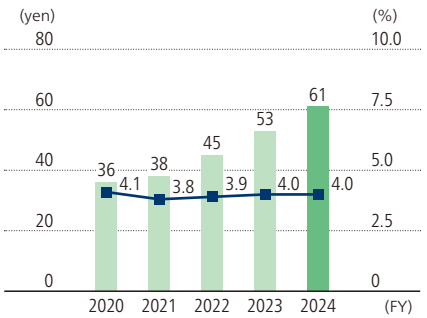
Operating profit/Operating profit margin/R&D expenses/R&D expense ratio



Operating profit (Left axis) R&D expenses (Left axis)
Operating profit margin (Right axis) R&D expense ratio (Right axis)

While maintaining high operating profit, we are actively investing in building our pipeline for future growth. In fiscal 2024, expenses increased due to active investing in global expansion and new businesses, increased research and development expenses for major development projects, and increased selling, general and administrative expenses. However, as a result of steady expansion in our businesses, operating profit reached 156.6 billion yen (up 2.1% year on year). Although revenue decreased in domestic prescription drugs due to a decrease in sales of COVID-19-related products, overseas business and royalty income grew significantly, contributing to solid growth overall.

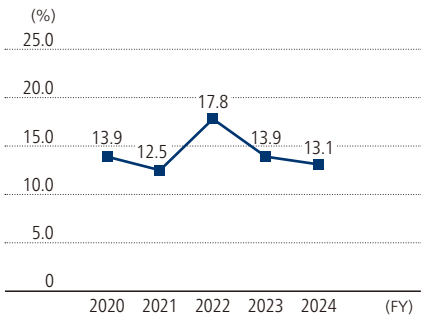
Dividends per share/DOE



Dividends per share (Left axis) DOE (Right axis)

* A stock split was carried out at a ratio of three shares for one with October 1, 2024 as the effective date. Dividends prior to the interim dividend for the fiscal year ended March 31, 2025 are calculated on the assumption that the stock split had been in effect at the times of the dividend payments.

ROE



11-Year Financial Summary

JGAAP	2015	2016	2017	2018	2019
■ For the years ended March 31: (Millions of yen)					
Net sales	¥273,991	¥309,973	¥338,890	¥344,667	¥363,721
Japan	184,591	178,473	194,011	166,013	154,036
Overseas	28,700	29,700	29,207	23,623	29,427
Royalty	60,700	101,800	115,670	155,030	180,258
Cost of sales	82,189	74,758	77,777	73,911	54,880
Selling, general and administrative expenses	141,436	143,808	152,934	155,537	170,303
Operating income	50,365	91,406	108,178	115,219	138,537
Ordinary income	77,880	100,869	123,031	138,692	166,575
Profit before income taxes	82,051	97,452	122,695	137,378	170,343
Profit attributable to owners of parent	44,060	66,687	83,879	108,866	132,759
Net cash provided by operating activities	45,604	102,290	111,903	129,790	145,684
Net cash used in investing activities	(31,696)	(32,894)	(31,643)	(51,238)	(36,349)
Net cash used in financing activities	(46,211)	(18,525)	(57,411)	(53,893)	(87,011)
Research and development expenses	48,870	49,787	59,907	59,945	68,325
Capital investments	8,163	9,943	9,659	5,678	7,900
Depreciation and amortization	12,672	12,578	13,362	15,972	16,479
■ As of March 31: (Millions of yen)					
Property, plant and equipment, net	¥ 77,022	¥ 78,673	¥ 78,788	¥ 75,956	¥ 74,653
Intangible assets	80,328	71,626	91,125	75,060	54,769
Total assets	595,067	631,599	661,499	711,463	778,741
Total long-term liabilities	48,427	45,739	44,692	34,056	17,203
Total net assets	478,883	513,877	526,211	604,840	672,429

International Financial Reporting Standards (IFRS)	2019	2020	2021	2022	2023	2024	2025
■ For the years ended March 31: (Millions of yen)							
Revenue	¥367,960	¥333,371	¥297,177	¥ 335,138	¥ 426,684	¥ 435,081	**¥ 438,268**
Japan	150,749	135,707	127,902	119,516	209,489	151,114	**98,762**
Overseas	30,465	30,796	24,645	34,367	42,498	49,913	**59,084**
Royalty	186,745	166,867	144,629	181,253	174,696	200,359	**244,669**
Cost of sales	(55,591)	(56,782)	(52,523)	(55,415)	(62,246)	(57,602)	**(63,826)**
Selling, general and administrative expenses	(87,668)	(95,094)	(91,902)	(91,771)	(97,775)	(99,651)	**(101,873)**
Research and development expenses	(52,058)	(47,949)	(54,249)	(72,996)	(102,392)	(102,640)	**(108,612)**
Operating profit	145,081	130,628	117,438	110,312	149,003	153,310	**156,603**
Profit before tax	174,043	158,516	143,018	126,268	220,332	198,283	**200,750**
Profit attributable to owners of parent	137,191	122,193	111,858	114,185	184,965	162,030	**170,435**
EBITDA	—	—	—	—	175,649	188,745	**179,296**
Net cash provided by operating activities	165,000	131,940	109,039	102,068	177,867	154,284	**195,460**
Net cash used in investing activities	(56,256)	(29,144)	(5,261)	(96,204)	(48,292)	5,922	**(116,080)**
Net cash used in financing activities	(89,912)	(88,174)	(43,891)	(36,615)	(84,123)	(126,853)	**(64,908)**
Capital investments	7,900	9,954	27,371	27,274	12,559	14,887	**12,285**
Depreciation and amortization	14,431	14,115	14,779	16,351	17,165	18,323	**20,933**
■ As of March 31: (Millions of yen)							
Property, plant and equipment, net	¥ 70,986	¥ 71,350	¥ 90,883	¥ 108,893	¥ 112,085	¥ 114,586	**¥ 115,412**
Intangible assets	47,804	51,705	76,558	81,223	96,309	117,621	**143,652**
Total assets	938,540	873,695	998,992	1,150,601	1,311,800	1,416,918	**1,535,349**
Total equity	813,087	765,203	864,550	993,285	1,121,878	1,252,562	**1,362,497**
Non-current liabilities	29,303	27,372	34,261	32,920	31,369	30,448	**43,459**

11-Year Financial Summary

JGAAP	2015	2016	2017	2018	2019
■ Per share amounts: (Yen)					
Profit attributable to owners of parent	¥ 44.22	¥ 68.28	¥ 86.63	¥114.24	¥141.44
Net assets	485.57	521.58	546.15	637.12	714.78
Dividend	17	21	24	27	31
■ Profitability and valuation metrics:					
Operating profit margin (%)	18.4	29.5	31.9	33.4	38.1
R&D expense ratio (%)	17.8	16.1	17.7	17.4	18.8
Equity ratio (%)	79.7	80.7	79.0	84.5	85.7
Return on equity (ROE) (%)	9.4	13.6	16.3	19.4	20.9
Return on assets (ROA) (%)	13.2	16.4	19.0	20.2	22.4
Price-to-book ratio (PBR) (times)	2.7	3.4	3.5	2.9	3.2
Price-to-earnings ratio (PER) (times)	30.2	25.9	22.1	16.0	16.2
Payout ratio (%)	39.2	30.3	27.7	23.9	22.2
Share buybacks (billions of yen)	30.0	—	35.0	29.4	50.0
Shares issued and outstanding (shares)	351,136,165	351,136,165	329,136,165	324,136,165	316,786,165

International Financial Reporting Standards (IFRS)	2019	2020	2021	2022	2023	2024	2025
■ Per share amounts: (Yen)							
Basic earnings per share	¥146.16	¥131.90	¥121.68	¥ 126.25	¥ 207.10	¥ 186.17	**¥ 200.36**
Equity attributable to owners of parent per share	866.05	839.58	935.56	1,078.74	1,245.92	1,452.22	**1,600.68**
Dividend	31	34	36	38	45	53	**61**
■ Profitability and valuation metrics:							
Operating profit margin (%)	39.4	39.2	39.5	32.9	34.9	35.2	**35.7**
R&D expense ratio (%)	14.1	14.4	18.3	21.8	24.0	23.6	**24.8**
Ratio of equity attributable to owners of parent (%)	86.2	87.6	84.7	84.8	83.9	87.2	**88.7**
Return on equity attributable to owners of parent (ROE) (%)	17.8	15.5	13.9	12.5	17.8	13.9	**13.1**
Return on assets (ROA) (%)	19.4	17.5	15.3	11.7	17.9	14.5	**13.6**
Price-to-book ratio (PBR) (times)	2.6	2.1	2.1	2.3	1.6	1.8	**1.4**
Price-to-earnings ratio (PER) (times)	15.6	13.4	16.3	19.9	9.6	13.9	**11.2**
Payout ratio (%)	21.4	26.0	29.6	30.4	21.7	28.6	**30.6**
Share buybacks (billions of yen)	50.0	50.0	50.0	—	49.4	75.0	**—**
Shares issued and outstanding (shares)	316,786,165	316,786,165	311,586,165	311,586,165	307,386,165	307,386,165	**889,632,195**

Notes: 1. In the fiscal year ended March 31, 2019, the Company changed the presentation method for tax effect accounting. The change has been reflected in figures for the fiscal year ended March 31, 2015, and subsequent periods.
2. International Financial Reporting Standards (IFRS): Accounting standards defined by the non-government organization International Accounting Standards Board (IASB) headquartered in London.
3. IFRS adopted from the fiscal year ended March 31, 2020.
4. Effective October 1, 2024, Shionogi has implemented a 3-for-1 stock split of its common stock. Per share amounts are calculated based on the assumption that the stock split was implemented at the beginning of the fiscal year ended March 31, 2019

Performance (MD&A)

Fiscal 2024 performance summary

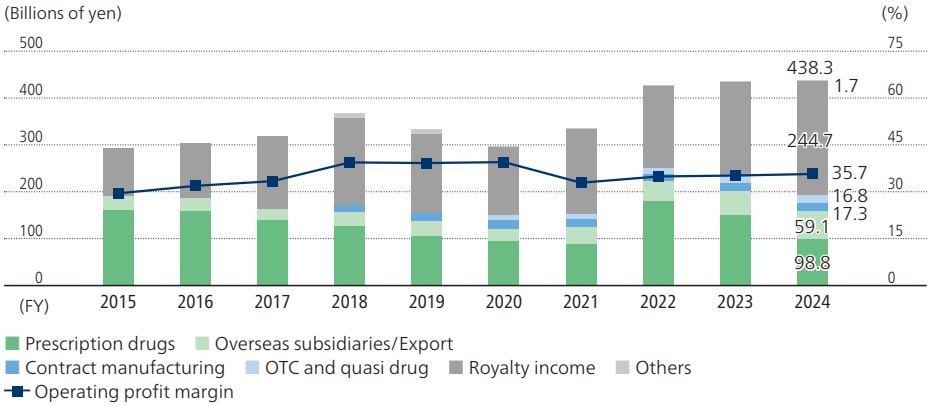
Revenue	Operating profit	Operating profit margin	EBITDA	ROE
¥438.3 billion	¥156.6 billion	35.7%	¥179.3 billion	13.1%

Revenue was 438.3 billion yen (up 0.7% year on year). As a result of strong growth in overseas business and HIV drug royalties, we were able to absorb the one-time payment of 25.0 billion yen associated with the transfer of licenses for ADHD drugs recorded in fiscal 2023 and achieved record-high revenue for the third consecutive fiscal year.

In terms of profits, we set a record high for the third consecutive fiscal year while actively investing in major development projects and global sales activities.

Expenses increased during the fiscal year due to increases in research and development expenses, selling, general and administrative expenses, and cost of sales associated with changes in product composition accounting for revenue. However, as expenses in fiscal 2023 included non-recurring expenses associated with a special early retirement program, the increase in expenses overall was limited. As a result, despite cost increases in fiscal 2024, operating profit increased by 156.6 billion yen (up 2.1% year on year) due to increased sales revenue from the growth of businesses.

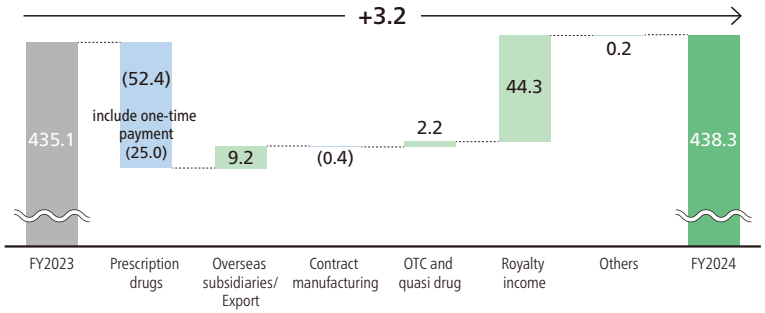
Trend in revenue and operating profit margin



*1 "Others" in fiscal 2018 and fiscal 2019 includes sales revenue from over-the-counter drugs, diagnostic drugs, and sales at domestic subsidiaries.

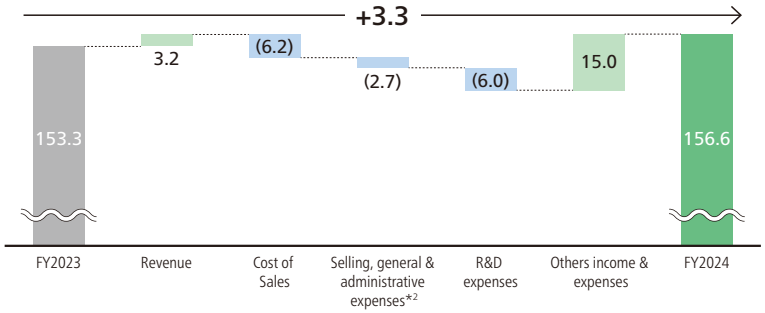
Factors behind changes in revenue

(Billions of yen)



Main factors behind changes in operating profit

(Billions of yen)



*2 Including amortization of intangible assets related to products

Segment status

(Billions of yen)

	FY2024	FY2023	YoY	FY2024 results	Future directions
Prescription drugs	98.8	151.1	-34.6%	In addition to the effects of the one-time payment associated with the transfer of licenses for ADHD drugs in the previous fiscal year, sales of *Xocova* declined under an extremely low prevalence of COVID-19. However, market share grew as planned and the influenza treatment drug *Xofluza* achieved a high market share.	In addition to *Xocova* and *Xofluza*, we are planning the expansion of new products including *Quviviq*, an insomnia treatment drug that is expected to contribute to stable business performance.
Overseas subsidiaries/ Export	59.1	49.9	+18.4%	Sales of cefiderocol in the U.S. and European markets were strong, with revenue growing by 30.6% in the U.S. business and 24.0% in the European business.	We will increase the number of target countries for sales of cefiderocol while further expanding in our existing country markets.
Contract manufacturing	17.3	17.6	-2.0%	This segment continues to contribute stably to profit.	As the segment's dependence on patents is low and fluctuations in revenue are relatively small, we aim to operate the business in a way that stabilizes profit across the Group.
OTC and quasi drug	16.8	14.6	+14.8%	The segment achieved six consecutive years of record sales.	We will aim for further growth through the promotion of self-medication and the expansion of switch OTC drugs.
Royalty income	244.7	200.4	+22.1%	Royalty income increased by 22.8% year on year due to exchange rate effects and strong growth in oral two-drug and LA formulations for anti-HIV drugs.	With the market shift to LA formulations progressing steadily, continued stable growth can be expected.
Others	1.7	1.4	+17.0%	Income increased year on year due to increased revenue from investment property.	We expect continued stable revenue.
Total	438.3	435.1	+0.7%		

Performance (MD&A)

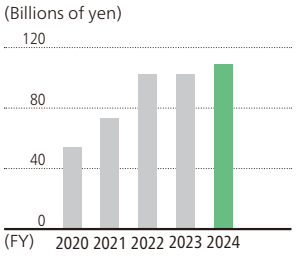
Status of research and development

We have made investments in excess of the "R&D investments of 300 billion yen over three years" indicated in STS2030 Revision, primarily in the areas of infectious diseases and QOL diseases in which SHIONOGI is best able to leverage its strengths. We will continue SHIONOGI's strong record of contributing to treatments, while also realizing total care by SHIONOGI, by increasing our contribution to prevention and diagnosis. Toward that end, in addition to investments in the expansion of research functions, promotion of the development pipeline, and other in-house assets, we are actively cooperating with outside parties, particularly in the field of QOL diseases. Following our succession of JT's pharmaceutical business in fiscal 2025, we will acquire the business's assets and capabilities and will make further investments to address unmet needs in society.

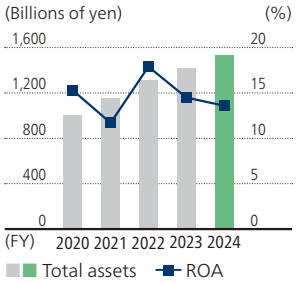
Financial position

Total assets were 1,535.3 billion yen (up 118.4 billion yen year on year). Non-current assets were 676.8 billion yen (up 44.1 billion yen year on year) due to factors including increases in intangible assets, right-of-use assets, and other financial assets. Current assets were 858.5 billion yen (up 74.3 billion yen year on year) due to factors including changes in fixed-term deposits of more than three months and bonds and an increase in cash and cash equivalents and other current assets. Despite the payment of dividends, equity increased to 1,362.5 billion yen (up 109.9 billion yen year on year) due to factors including the recording of profit. Liabilities were 172.9 billion yen (up 8.5 billion yen year on year). Non-current liabilities were 43.4 billion yen (up 13.0 billion yen year on year) due to factors including an increase in lease liabilities. Current liabilities were 129.4 billion yen (down 4.5 billion yen year on year) due to factors including a decrease in other financial liabilities.

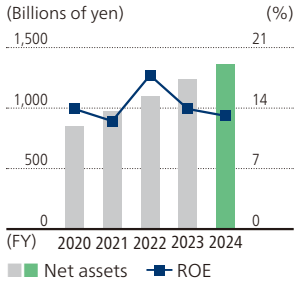
Trend in research and development expenses



Trend in total assets/ROA



Trend in net assets/ROE



Status of cash flow

Cash flows from operating activities were 195.5 billion yen (up 41.2 billion yen year on year) due to factors including an increase in profit before tax, a decrease in trade receivables, and a decrease in income taxes paid. Cash flows from investing activities were 116.1 billion yen (up 122 billion year on year) due to factors including an increase in expenditures for the purchase of intangible assets and changes in time deposits. Cash flows from financing activities were expenditures of 64.9 billion yen (down 61.9 billion yen year on year) due to factors including a decrease in expenditures for the purchase of treasury shares. As a result of the above, cash and cash equivalents at the end of the period was 374.8 billion yen (up 16.7 billion yen year on year).

Trend in cash flow indicators

	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2025
Ratio of equity attributable to owners of parent to total assets	83.9%	87.2%	88.7%
Ratio of equity attributable to owners of parent to total assets on market value basis	134.1%	155.1%	124.4%
Interest-bearing liabilities/Cash flow ratio	0.1	0.1	0.1
Interest coverage ratio (times)	1,885.3	937.5	639.7

Recognition of risk and measures to address risk

SHIONOGI and partners of SHIONOGI have filed multiple patent infringement lawsuits in Brazil, the United States, and Canada to protect patent rights related to major products. Outcomes of this litigation could result in earlier entry of generic drugs into the market, which could affect SHIONOGI's revenue and growth potential.

Consolidated Financial Statements

Consolidated statement of financial position

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Non-current assets		
Property, plant and equipment	¥ 114,586	**¥ 115,412**
Goodwill	15,287	**15,748**
Intangible assets	117,621	**143,652**
Right-of-use assets	9,440	**19,395**
Investment property	27,768	**27,722**
Other financial assets	292,321	**299,799**
Deferred tax assets	13,526	**13,244**
Other non-current assets	42,158	**41,869**
Total non-current assets	632,712	**676,844**
Current assets		
Inventories	64,916	**65,477**
Trade receivables	122,830	**120,553**
Other financial assets	215,761	**270,024**
Other current assets	22,607	**27,653**
Cash and cash equivalents	358,090	**374,795**
Total current assets	784,205	**858,504**
Total assets	1,416,918	**1,535,349**

	As of March 31, 2024	As of March 31, 2025
Equity and liabilities		
Equity		
Share capital	¥ 21,279	**¥ 21,279**
Capital surplus	14,242	**17,845**
Treasury shares	(137,889)	**(65,855)**
Retained earnings	1,065,913	**1,115,729**
Other components of equity	271,778	**272,924**
Equity attributable to owners of parent	1,235,325	**1,361,924**
Non-controlling interests	17,236	**572**
Total equity	1,252,562	**1,362,497**
Liabilities		
Non-current liabilities		
Lease liabilities	8,753	**18,418**
Other financial liabilities	7,649	**8,258**
Retirement benefit liability	7,994	**8,018**
Deferred tax liabilities	4,360	**4,401**
Other non-current liabilities	1,691	**4,363**
Total non-current liabilities	30,448	**43,459**
Current liabilities		
Lease liabilities	2,867	**3,464**
Trade payables	14,808	**13,579**
Other financial liabilities	31,118	**18,091**
Income taxes payable	20,844	**22,399**
Other current liabilities	64,267	**71,857**
Total current liabilities	133,907	**129,392**
Total liabilities	164,355	**172,852**
Total equity and liabilities	1,416,918	**1,535,349**

Consolidated Financial Statements

Consolidated statement of profit or loss

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Revenue	¥ 410,073	**¥ 438,268**
Profit from license transfer	25,008	—
Cost of sales	(57,602)	**(63,826)**
Gross profit	377,479	**374,441**
Selling, general and administrative expenses	(99,651)	**(101,873)**
Research and development expenses	(102,640)	**(108,612)**
Amortization of intangible assets associated with products	(3,728)	**(4,178)**
Other income	6,194	**528**
Other expenses	(24,342)	**(3,702)**
Operating profit	153,310	**156,603**
Finance income	51,674	**53,174**
Finance costs	(6,701)	**(9,027)**
Profit before tax	198,283	**200,750**
Income tax expense	(37,708)	**(31,215)**
Profit	160,575	**169,534**
Profit attributable to		
Owners of parent	162,030	**170,435**
Non-controlling interests	(1,455)	**(900)**
Profit	160,575	**169,534**
Earnings per share		
Basic earnings per share	186.17	**200.36**
Diluted earnings per share	186.11	**200.29**

* The Company conducted a 3 for 1 stock split of shares of common stock, effective October 1, 2024.

Consolidated statement of comprehensive income

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Profit	¥ 160,575	**¥ 169,534**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	14,673	**(4,590)**
Remeasurements of defined benefit plans	1,434	**(321)**
Total of items that will not be reclassified to loss	16,107	**(4,911)**
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	76,835	**5,928**
Effective portion of cash flow hedges	505	**794**
Share of other comprehensive income of investments accounted for using equity method	112	**(53)**
Total of items that may be reclassified to profit or loss	77,453	**6,669**
Total other comprehensive income, net of tax	93,560	**1,757**
Comprehensive income	254,135	**171,292**
Comprehensive income attributable to		
Owners of parent	254,978	**171,262**
Non-controlling interests	(842)	**30**
Comprehensive income	254,135	**171,292**

Consolidated Financial Statements

Consolidated statement of changes in equity

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of April 1, 2023	¥21,279	¥15,204	¥(63,074)	¥940,606	¥186,030	¥1,100,046	¥21,832	¥1,121,878
Profit				162,030		162,030	(1,455)	160,575
Total other comprehensive income, net of tax					92,948	92,948	612	93,560
Comprehensive income	—	—	—	162,030	92,948	254,978	(842)	254,135
Purchase of treasury shares			(75,013)			(75,013)		(75,013)
Disposal of treasury shares		(3)	198			195		195
Dividends				(43,919)		(43,919)		(43,919)
Changes in ownership interest in subsidiaries		(961)				(961)	(3,752)	(4,714)
Transfer from other components of equity to retained earnings				7,199	(7,199)	—		—
Transfer to capital surplus from retained earnings		3		(3)		—		—
Balance as of March 31, 2024	**21,279**	**14,242**	**(137,889)**	**1,065,913**	**271,778**	**1,235,325**	**17,236**	**1,252,562**
Profit				**170,435**		**170,435**	**(900)**	**169,534**
Total other comprehensive income, net of tax					**826**	**826**	**930**	**1,757**
Comprehensive income	**—**	**—**	**—**	**170,435**	**826**	**171,262**	**30**	**171,292**
Purchase of treasury shares			**(10)**			**(10)**		**(10)**
Disposal of treasury shares		**(44)**	**494**			**449**		**449**
Cancellation of treasury shares		**(71,550)**	**71,550**			**—**		**—**
Dividends				**(48,709)**		**(48,709)**	**(98)**	**(48,807)**
Changes in ownership interest in subsidiaries		**3,607**				**3,607**	**(16,596)**	**(12,989)**
Transfer from other components of equity to retained earnings				**(319)**	**319**	**—**		**—**
Transfer to capital surplus from retained earnings		**71,590**		**(71,590)**		**—**		**—**
Balance as of March 31, 2025	**21,279**	**17,845**	**(65,855)**	**1,115,729**	**272,924**	**1,361,924**	**572**	**1,362,497**

Consolidated Financial Statements

Consolidated statement of cash flows

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from operating activities		
Profit before tax	¥ 198,283	**¥ 200,750**
Depreciation and amortization	18,323	**20,933**
Impairment losses (reversals of impairment losses)	8,262	**254**
Finance income and finance costs	(44,866)	**(52,288)**
Decrease (increase) in trade and other receivables	(12,372)	**1,910**
Decrease (increase) in inventories	(6,337)	**(388)**
Increase (decrease) in trade and other payables	(5,817)	**(1,703)**
Other	13,286	**5,925**
Subtotal	168,762	**175,393**
Interest and dividends received	49,324	**52,190**
Interest paid	(164)	**(305)**
Income taxes refund (paid)	(63,637)	**(31,817)**
Net cash provided by operating activities	154,284	**195,460**
Cash flows from investing activities		
Payments into time deposits	(187,354)	**(382,979)**
Proceeds from withdrawal of time deposits	264,792	**308,606**
Purchase of property, plant and equipment	(12,693)	**(17,126)**
Purchase of intangible assets	(15,574)	**(34,977)**
Purchase of investments	(97,490)	**(55,521)**
Proceeds from sales and redemption of investments	84,599	**69,095**
Payments for acquisition of subsidiaries	(16,079)	**(200)**
Payments for sale of subsidiaries	(296)	**—**
Payments for acquisition of shares of equity-method affiliates	(11,121)	**(1,125)**
Other	(2,856)	**(1,852)**
Net cash provided by (used in) investing activities	5,922	**(116,080)**

	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from financing activities		
Repayments of lease liabilities	(3,080)	**(3,112)**
Purchase of treasury shares	(75,182)	**(10)**
Dividends paid	(43,876)	**(48,698)**
Dividends paid to non-controlling interests	—	**(98)**
Payments for acquisition of interests in subsidiaries from non-controlling interests	(4,714)	**(12,989)**
Net cash used in financing activities	(126,853)	**(64,908)**
Effect of exchange rate changes on cash and cash equivalents	15,512	**2,233**
Net increase (decrease) in cash and cash equivalents	48,866	**16,704**
Cash and cash equivalents at beginning of period	309,224	**358,090**
Cash and cash equivalents at end of period	358,090	**374,795**

Glossary

Page*	Term	Explanation
c2	SHIONOGI Group Heritage	SHIONOGI's corporate philosophy. Our basic policy and the foundation that makes up the core of all of our activities.
c2	SHIONOGI Group Vision	SHIONOGI's vision for 2030 of "building innovation platforms to shape the future of healthcare."
1	AMR	Stands for antimicrobial resistance. Indicates the decreasing effectiveness or ineffectiveness of antimicrobial drugs.
2	Clinical trial	A trial conducted to verify the effectiveness, safety and other aspects of development candidate compounds, medical equipment, etc. as they apply to humans.
3	*Tivicay* (dolutegravir)	An anti-HIV drug that is an integrase inhibitor. Sold under the brand names *Tivicay* (Japan) and *Tivicay* (overseas). The generic name (name of the active ingredient) is dolutegravir.
3	Multidrug-resistant	A state in which numerous antimicrobial drugs have limited effectiveness or are ineffective.
3	*Fetroja* (cefiderocol)	*Fetroja* is a treatment against multi-drug resistant Gram-negative bacterial infections. It is marketed under the brand names *Fetroja* (Japan and U.S.), *Fetcroja* (Europe) and *Fetroja* (Taiwan). The generic name (name of the active ingredient) is cefiderocol.
3	*Xocova* (ensitrelvir)	*Xocova* is an oral COVID-19 treatment drug produced in Japan. It is marketed under the brand name *Xocova* (Japan). The generic name (name of the active ingredient) is ensitrelvir.
4	Royalties	Usage fees received by a company in accordance with the nature of the associated contract in return for permitting the use of intellectual property rights held by that company.
4	Non-clinical study	Testing that evaluates the efficacy, safety, and pharmacokinetics of development candidate compounds and medical devices in vitro and using animal experiments without targeting humans. Synonymous with preclinical studies.
5	HaaS	Stands for Healthcare as a Service. Refers to the Provision of a range of healthcare services in line with customer needs, rather than only the provision of pharmaceuticals.
7	ViiV Healthcare Limited	A specialty pharma firm in the HIV infection domain invested in by GSK, Pfizer and SHIONOGI.
8	Patent cliff	Refers to a considerable decline in sales caused by the replacement of pharmaceuticals with their generic counterparts once patents on the former expire.
13	Small-molecule drug discovery engine	SHIONOGI's proprietary internal drug discovery system and expertise that enables us to bring forth innovative small-molecule pharmaceuticals with speed and efficiency.
13	SAR	Stands for Structure-Activity Relationship. A structure-activity relationship refers to the relationship between molecular structure and physiological activity, pharmacokinetics, safety, and other factors. In pharmaceutical research, compounds with superior properties are searched for through iterative design, synthesis, and evaluation of various characteristics, coupled with the recognition and analysis of SAR information.
17	Total care	Care for ailments overall that includes pre-symptomatic, preventive, diagnostic and recuperative care in addition to treatment.
17	DTx	Stands for Digital Therapeutics. Digital therapeutics is a new approach that utilizes medical software to implement evidence-based therapeutic interventions aimed at treating, preventing, and managing diseases.
17	MPP	Stands for Medicines Patent Pool. Refers to an international non-profit organization established to improve access to medicines for infectious diseases such as HIV/AIDS, tuberculosis and malaria.
17	GARDP	Stands for the Global Antibiotic Research and Development Partnership. A Swiss-based NPO that develops new therapeutic drugs for infections caused by AMR.
17	CHAI	Stands for Clinton Health Access Initiative. A global health organization that works towards saving the lives of people in low- and middle-income countries (LICs/MICs) and mitigating the burden of illness.
17	WHO Model Lists of Essential Medicines	Refers to types of pharmaceuticals believed to be required in order to maintain modern healthcare standards as formulated by the WHO. Contains approx. 500 pharmaceutical articles as sample selections upon gathering important pharmaceuticals.
18	Continuous manufacturing	A system through which raw materials or mixtures thereof are continuously fed to the manufacturing process, and homogeneous, high-quality products are manufactured on an ongoing basis through production control and quality control methods that were appropriately configured based on scientific knowledge. This system can be expected to yield shorter development times, higher efficiency through manpower- and space-saving, and advanced quality assurance for pharmaceuticals.
18	EHS	Stands for Environment, Health and Safety.
19	Wastewater surveillance service	Service for investigating the state of spreading of local infectious diseases by detecting pathogens in wastewater.
19	OTC drug	A general-use pharmaceutical that can be purchased at a pharmacy, drugstore or other such location without a prescription. OTC stands for Over The Counter.
20	Gamma wave	A type of brain wave pattern that is mainly involved in the state of alertness, advanced brain activity, and the execution of cognitive functions.
22	HIV franchise	A product lineup that contains the anti-HIV drugs dolutegravir and cabotegravir discovered by SHIONOGI as components.
23	ADHD	Stands for Attention Deficit/Hyperactivity Disorder.
24	Three major infectious diseases	Refers to HIV/AIDS, tuberculosis and malaria, which are all global concerns.
24	Infectious diseases requiring a long period of treatment	Includes infectious diseases, such as tuberculosis, which affect a patient for several years after onset, infectious diseases with a long period from infection to onset, such as HIV (human immunodeficiency virus), and infectious diseases that are difficult to distinguish between carrier and onset such as HBV (hepatitis B virus).
24	Universal vaccine	A vaccine that aims to provide immunity against multiple virus strains or multiple types of pathogens with a single vaccine.
24	Acute infectious diseases	Infectious diseases are those in which the period between infection and the onset of symptoms is short, and the progression of symptoms is rapid.
24	Pull incentive	A mechanism to increase the predictability of pharmaceutical companies by separating their sales volumes from profits so that pharmaceutical companies can sustainably invest in the research and development of new drugs and treatments.
37	100 days mission	An international goal to achieve the practical application of diagnostics, vaccines and therapeutics within 100 days of WHO's declaration of a "public health emergency of international concern."
50	AWaRe classification	The WHO has classified antibiotics into "Access," "Watch," and "Reserve" categories based on their clinical importance and the risk of antimicrobial resistance (AMR).
50	Reserve antibiotics	Antibiotics that should be treated as a last resort, used only when other treatment options are ineffective or inappropriate due to the progression of antimicrobial resistance (AMR).
60	TCFD	Stands for Task Force on Climate-Related Financial Disclosures. An organization established to consider climate-related information disclosures and financial institutions' responses.
61	30by30	A target to effectively conserve at least 30% of land and sea as healthy ecosystems by 2030 with the goal of halting and reversing biodiversity loss by 2030 (Nature Positive).
79	SBT	Stands for Science Based Targets. Refers to science-based greenhouse gas emission reduction targets consistent with the levels required by the Paris Agreement, an international framework for addressing climate change.

* Indicates page where the term first appears.

Third-Party Assurance

Independent Practitioner's Limited Assurance Report

To the Representative Director, President and CEO of Shionogi & Co., Ltd.

Conclusion

We have performed a limited assurance engagement on whether selected environmental and social performance indicators (the "subject matter information" or the "SMI") presented in Shionogi & Co., Ltd.'s (the "Company") Integrated Report 2025 (the "Report") for the year ended March 31, 2025 have been prepared in accordance with the criteria (the "Criteria"), which are established by the Company and are explained in the Report. The SMI subject to the assurance engagement is indicated in the Report with the symbol "☑".
Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's SMI for the year ended March 31, 2025 is not prepared, in all material respects, in accordance with the Criteria.

Basis for Conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, and International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.
We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).
Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

Our conclusion on the SMI does not extend to any other information that accompanies or contains the SMI (hereafter referred to as "other information"). We have read the other information but have not performed any procedures with respect to the other information.

Responsibilities for the SMI

Management of the Company are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the SMI that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the SMI and appropriately referring to or describing the criteria used; and
- preparing the SMI in accordance with the Criteria.

Third-Party Assurance

Inherent limitations in preparing the SMI

As described in the Calculation methods for social and environmental performance data of the Report, GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials. Hence, the selection by management of a different but acceptable measurement method, activity data, emission factors, and relevant assumptions or parameters could have resulted in materially different amounts being reported.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the management of the Company.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the SMI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- assessing the suitability of the criteria applied to prepare the SMI;
- conducting interviews with the relevant personnel of the Company to obtain an understanding of the key processes, relevant systems and controls in place over the preparation of the SMI;
- performing analytical procedures including trend analysis;
- identifying and assessing the risks of material misstatements;
- performing a site visit at one of the Company's sites which was determined through our risk assessment procedures;
- performing, on a sample basis, recalculation of amounts presented as part of the SMI;
- performing other evidence gathering procedures for selected samples; and
- evaluating whether the SMI was presented in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

/s/ Junichi Shiraishi
Junichi Shiraishi, Engagement Partner
KPMG AZSA Sustainability Co., Ltd.
Osaka Office, Japan
October 24, 2025

Notes to the Reader of Assurance Report:
This is a copy of the Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.

Attestation of Validity

Kazuhiro Hatanaka

Senior Executive Officer,
Senior Vice President,
Corporate Supervisory Unit

On the issuance of the SHIONOGI Integrated Report 2025

SHIONOGI publishes an annual Integrated Report to deepen dialogue with stakeholders and pursue the dual goals of sustainable corporate and societal growth. This Integrated Report 2025 comprehensively introduces our initiatives, focusing on progress on the Medium-Term Business Plan STS2030 Revision. This includes creating innovative medicines, expanding globally in the field of infectious diseases, and evolving the governance framework underpinning these efforts.

This report clearly outlines SHIONOGI's value creation process from both financial and non-financial perspectives. It also aims to improve transparency and accountability by continually disclosing progress on KPIs and quantitative performance indicators for material issues (materiality).

In producing this report, the Sustainability Promotion Department, Corporate Communications Department, and Corporate Planning Department collaborated with related internal departments to establish editorial policies, referencing guidelines such as the "International Integrated Reporting Framework", "GRI (Global Reporting Initiative) Sustainability Reporting Standards", and "Guidance for Collaborative Value Creation."

As the person responsible for the preparation of this report, I attest that the preparation process was conducted appropriately and transparently, and that the information contained herein is accurate and reliable.

SHIONOGI pursues sustainable growth as a company that pioneers the future of healthcare through innovation and contributes globally to solving social issues. We hope this report will help stakeholders understand SHIONOGI's initiatives and foster constructive dialogue.

Corporate Information

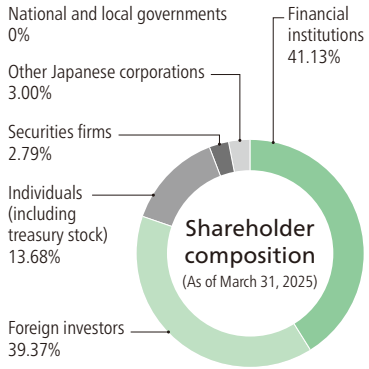
Stock information (As of March 31, 2025)

Stock (Securities) listings

Tokyo (#4507) (Shares listed in 1949)

Stock status

Common stock authorized: 3,000,000,000 shares
Issued: 889,632,195 shares
(Including 29,944,777 shares of treasury stock)
Number of shareholders: 74,799



Major shareholders

Name	Number of shares (Thousands)	Percentage of total shares (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	154,859	18.01
Custody Bank of Japan, Ltd. (Trust account)	68,030	7.91
Sumitomo Life Insurance Company	55,812	6.49
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
BANK OF CHINA (HONG KONG) LIMITED-PING AN LIFE INSURANCE COMPANY OF CHINA, LIMITED	19,068	2.21
STATE STREET BANK WEST CLIENT - TREATY 505234	18,474	2.14
STATE STREET BANK AND TRUST COMPANY 505001	12,083	1.40
JP MORGAN CHASE BANK 385781	10,983	1.27
STATE STREET BANK AND TRUST COMPANY 505103	10,631	1.23

* The Company owns 29,944,777 shares of treasury stock but the Company is not included in the major shareholders listed above (top 10).
* The percentage of total is calculated as the proportion of shares to 859,687,418 shares of total issued stock (excluding 29,944,777 shares of treasury stock).

Corporate data (As of March 31, 2025)

Company name	Shionogi & Co., Ltd.
Established	March 17, 1878
Incorporated	June 5, 1919
Paid-in capital	¥21,279 million
Head office	1-8, Doshomachi 3-chome, Chuo-ku, Osaka 541-0045, Japan Tel : +81-6-6202-2161
Number of employees	4,955 (Consolidated)
Fiscal year-end	March 31
Website	https://www.shionogi.com/global/en/

External evaluations

External evaluation

ESG index

FTSE4Good
FTSE Blossom Japan Index
FTSE Blossom Japan Sector Relative Index
2025 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX
2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX
S&P/JPX Carbon Efficient Index
2025 Sompo Sustainability Index
MORNINGSTAR GenDi J

External recognition related to IR and sustainability

CDP 2024
CDP A List 2024
2025 ESG FINANCE AWARDS JAPAN SUSTAINABLE
健康経営優良法人 2025
D&I AWARD BEST WORKPLACE for diversity & inclusion 2024

Commitment to society

WE SUPPORT UN GLOBAL COMPACT

SHIONOGI has endorsed and supported the United Nations Global Compact. See our website for more information.