

(Translation)

This document has been translated from the Annual Securities Report for the twelve-month period ended March 31, 2026, pursuant to the Financial Instruments and Exchange Act of Japan. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

Annual Securities Report

From April 1, 2025 to March 31, 2026

(The 161st Term)

Shionogi & Co., Ltd.
(E00923)

Table of Contents

	Page
Cover Page	
Part I Company Information	1
I. Company Overview	1
1. Key Financial Data and Trends	1
2. Corporate History	3
3. Business Line	4
4. Information on Subsidiaries and Affiliates	5
II. Business Overview	6
1. Management Policy, Business Environment, Issues to Be Addressed, etc.	6
2. Views and Initiatives Concerning Sustainability	11
3. Business and Other Risks	21
4. Analysis of Financial Position, Operating Results, and Cash Flows by Management	34
5. Material Business Agreements, etc.	39
6. Research and Development Activities	44
III. Equipment and Facilities	48
1. Capital Expenditures	48
2. Principal Facilities	48
3. Plans for Additions and Disposals of Facilities	50
IV. Information on the Filing Company	51
1. Information on the Company's Shares, etc.	51
2. Information on Acquisition of Treasury Shares, etc.	61
3. Dividend Policy	62
4. Corporate Governance, etc.	63
5. Employees	92
V. Financial Information	96
Consolidated Financial Statements	97
VI. Overview of Stock-related Administration for the Filing Company	171
VII. Reference Information on the Filing Company	172
1. Information on the Parent Company, etc. of the Filing Company	172
2. Other Reference Information	172
Part II Information on Guarantors, etc. for the Filing Company	173
[Audit Report]	
[Confirmation Letter]	
[Internal Control Report]	

[Cover Page]

[Document Filed]	Annual Securities Report (“Yukashoken Hokokusho”)
[Applicable Law]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	June 19, 2026
[Fiscal Year]	The 161 st Term (from April 1, 2025 to March 31, 2026)
[Company Name]	Shionogi Seiyaku Kabushiki Kaisha
[Company Name in English]	Shionogi & Co., Ltd.
[Title and Name of Representative]	Isao Teshirogi, Representative Director, President and CEO
[Address of Registered Office]	3-1-8, Doshomachi, Chuo-ku, Osaka (The above is the address of the registered office, and actual business operations are conducted at the “Contact Address.”)
[Phone No.]	None
[Contact Person]	None
[Contact Address]	GRAND GREEN OSAKA South Building Park Tower, 5-54 Ofuka-cho, Kita-ku, Osaka
[Phone No.]	+81-6-6202-2161
[Contact Person]	Takuji Fujiwara, Vice President, Finance & Accounting Department
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo)

This is an English translation of the Annual Securities Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan.

In this report, Shionogi & Co., Ltd. is hereinafter referred to as the “Company” and together with its consolidated subsidiaries as the “SHIONOGI Group” or “SHIONOGI”.

The letters “FY” preceding a year refer to the twelve-month period ended March 31 of the fiscal year immediately following the fiscal year referenced. For example, “FY 2025” refers to the twelve-month period ended March 31, 2026. All other references to years refer to the applicable calendar year.

“¥” or “yen” refers to Japanese yen.

Part I. Company Information

I. Company Overview

1. Key Financial Data and Trends

(1) Consolidated Management Indicators

Fiscal year		IFRS				
		157th	158th	159th	160th	161st
Year end		March 2022	March 2023	March 2024	March 2025	March 2026
Revenue	Millions of Yen	335,138	426,684	410,073	438,268	499,677
Revenue (including profit from license transfer)	Millions of Yen	335,138	426,684	435,081	438,268	499,677
Profit before tax	Millions of Yen	126,268	220,332	198,283	200,750	238,916
Profit attributable to owners of the parent	Millions of Yen	114,185	184,965	162,030	170,435	205,159
Comprehensive income attributable to owners of the parent	Millions of Yen	161,865	209,007	254,978	171,262	378,993
Equity attributable to owners of the parent	Millions of Yen	975,661	1,100,046	1,235,325	1,361,924	1,685,215
Total assets	Millions of Yen	1,150,601	1,311,800	1,416,918	1,535,349	2,576,870
Equity attributable to owners of the parent per share	Yen	1,078.74	1,245.92	1,452.22	1,600.68	1,980.14
Basic earnings per share	Yen	126.25	207.10	186.17	200.36	241.11
Diluted earnings per share	Yen	126.21	207.03	186.11	200.29	241.04
Ratio of equity attributable to owners of the parent to total assets	%	84.8	83.9	87.2	88.7	65.4
Return on equity attributable to owners of the parent	%	12.5	17.8	13.9	13.1	13.5
Price-earnings ratio	Times	19.9	9.6	13.9	11.2	14.4
Net cash provided by (used in) operating activities	Millions of Yen	102,068	177,867	154,284	195,460	213,572
Net cash provided by (used in) investing activities	Millions of Yen	(96,204)	(48,292)	5,922	(116,080)	(506,137)
Net cash provided by (used in) financing activities	Millions of Yen	(36,615)	(84,123)	(126,853)	(64,908)	599,321
Cash and cash equivalents at end of period	Millions of Yen	254,420	309,224	358,090	374,795	711,397
Number of employees	Persons	5,693	5,680	4,959	4,955	6,223
[Average number of temporary employees not included in the above]		[748]	[524]	[530]	[525]	[550]

Notes:

- Consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards").
- The average number of temporary employees is shown in brackets and is not included in the number of employees.
- In the 158th fiscal period, the Company disposed of 9 million shares of the Company's stock to Sumitomo Mitsui Trust Bank, Limited's trust account with respect to Shionogi Infectious Disease Research Promotion Foundation (sub-trustee: Custody Bank of Japan, Ltd. (Trust Account)), and treated the said shares as its treasury shares. Therefore, the number of these shares has been deducted in the calculation of basic earnings per share, diluted earnings per share, and equity attributable to owners of parent per share.
- The Company conducted a 3-for-1 stock split of shares of common stock, effective October 1, 2024. Equity attributable to owners of the parent per share, basic earnings per share and diluted earnings per share were calculated under the assumption that the stock split had been conducted at the beginning of the 157th fiscal period.

(2) Non-Consolidated Management Indicators

Fiscal year		157th	158th	159th	160th	161st
Year end		March 2022	March 2023	March 2024	March 2025	March 2026
Net sales	Millions of Yen	285,948	369,499	345,761	363,309	388,503
Ordinary income	Millions of Yen	100,892	134,998	258,621	109,143	138,315
Net income	Millions of Yen	90,264	107,367	253,060	86,927	138,883
Share capital	Millions of Yen	21,279	21,279	21,279	21,279	21,279
Total number of issued shares	Shares	311,586,165	307,386,165	307,386,165	889,632,195	889,632,195
Net assets	Millions of Yen	590,430	612,890	749,494	791,825	880,509
Total assets	Millions of Yen	730,120	768,120	840,570	941,227	1,783,962
Net assets per share	Yen	652.53	686.88	871.75	920.78	1,023.68
Dividend per share (Interim dividend per share)	Yen	115.00 (55.00)	135.00 (60.00)	160.00 (75.00)	118.00 (85.00)	71.00 (33.00)
Earnings per share	Yen	99.80	119.51	287.79	101.12	161.51
Earnings per share (diluted)	Yen	99.77	119.47	287.69	101.09	161.47
Equity-to-assets ratio	%	80.8	79.8	89.1	84.1	49.3
Rate of return on equity	%	16.0	17.9	37.2	11.3	16.6
Price-earnings ratio	Times	25.1	16.7	9.0	22.2	21.5
Payout ratio	%	38.4	37.7	18.5	60.7	44.0
Number of employees	Persons	2,510	2,458	2,117	2,129	2,808
[Average number of temporary employees not included in the above]		[137]	[140]	[137]	[142]	[157]
Total shareholder return	%	128.4	104.6	137.1	123.2	188.4
(Comparison: Dividend-included TOPIX)	%	(102.0)	(107.9)	(152.5)	(150.2)	(202.2)
Highest share price	Yen	8,439	7,640	8,137	2,355 (7,824)	3,705
Lowest share price	Yen	5,438	5,821	5,718	2,049.5 (5,834)	2,153.5

Notes:

1. The average number of temporary employees is shown in brackets and is not included in the number of employees.
2. The highest share price and the lowest share price are those on the Tokyo Stock Exchange First Section before April 3, 2022, and on the Tokyo Stock Exchange Prime Market on April 4, 2022. The share prices for the 160th fiscal year are the highest and lowest share prices after the stock split, with the highest and lowest share prices before the stock split shown in parentheses.
3. The Company conducted a 3-for-1 stock split of shares of common stock, effective October 1, 2024. Net assets per share, earnings per share and diluted earnings per share after adjustment for latent shares have been calculated based on the assumption that the stock split had occurred at the beginning of the 157th fiscal period. The dividend per share for the 160th fiscal year is stated as 85.00 yen for the interim dividend before the stock split and 33.00 yen for the year-end dividend after the stock split, and the simple sum of these two amounts, 118.00 yen, as the total annual dividend.
4. Of the 71.00 yen dividend per share for the 161st fiscal period, the year-end dividend of 38.00 yen is included in the matters for resolution of the Annual General Meeting of Shareholders scheduled to be held on June 24, 2026.

2. Corporate History

March 1878	Gisaburo Shiono, Sr., launches Shiono Gisaburo Shoten as a natural drug wholesaler, where he begins dealing in Japanese and Chinese medicines
1886 to 1897	The management of Shionogi decides to concentrate on imported western drugs, begins dealing directly with trading firms in Europe and the United States
February 1910	Constructed the Shiono Seiyakusho manufacturing plant
June 1919	Changed the organization to a joint stock company, changed the company name to Shionogi Shoten Co., Ltd. (capital of ¥1.5 million)
May 1922	Acquired the land and buildings of Kobe Acetic Acid Industry, establishing it as the Kuise Plant
July 1943	Changed company name to Shionogi Seiyaku K.K. (Shionogi & Co., Ltd.)
August 1945	Merged with Shionogi Kagaku, launched as the Ako Plant
January 1946	Established the Aburahi Laboratories in Shiga Prefecture
May 1949	Shionogi's shares listed on the Tokyo and Osaka Stock Exchanges
December 1963	Established Taiwan Shionogi & Co., Ltd. (now a consolidated subsidiary)
March 1968	Constructed the Settsu Plant in Osaka Prefecture
August 1976	Established Nichia Pharmaceutical Industries Ltd. (now consolidated subsidiary Shionogi Pharma Co., Ltd.)
March 1983	Constructed the Kanegasaki Plant in Iwate Prefecture
February 2001	Established Shionogi USA, Inc. (United States)
January 2008	Established Shionogi Analysis Center Co., Ltd. (now consolidated subsidiary Shionogi Pharma Co., Ltd.)
August 2008	Established Shionogi USA Holdings, Inc. (United States, now consolidated subsidiary Shionogi Inc.)
October 2008	Acquired shares of Sciele Pharma, Inc. (United States, trade name changed in January 2010 to Shionogi Pharma, Inc.)
October 2010	Established Shionogi Techno Advance Research Co., Ltd. (now a consolidated subsidiary)
April 2011	Shionogi Inc. absorbs Shionogi USA, Inc. and Shionogi Pharma, Inc. in a merger
July 2011	Constructed the Pharmaceutical Research Center in Osaka Prefecture to consolidate drug discovery research functions
October 2011	Acquired C&O Pharmaceutical Technology (Holdings) Limited (China, now a consolidated subsidiary)
February 2012	Established Shionogi Limited (United Kingdom, now consolidated subsidiary Shionogi B.V.)
March 2013	Established Beijing Shionogi Pharmaceutical Technology Limited (China, now a consolidated subsidiary)
January 2016	Established Shionogi Healthcare Co., Ltd. (now a consolidated subsidiary)
April 2016	Consumer Healthcare Business transferred to Shionogi Healthcare Co., Ltd.
October 2018	Established Shionogi Pharma Co., Ltd. (now a consolidated subsidiary)
November 2018	Established Shionogi B.V. (Netherlands, now a consolidated subsidiary)
March 2019	Shionogi B.V. absorbs Shionogi Limited in a merger
April 2019	Manufacturing and contract manufacturing of prescription drugs, etc., transferred to Shionogi Pharma Co., Ltd.
April 2019	Shionogi Pharma Co., Ltd. absorbs Shionogi Pharma Chemicals Co., Ltd. and Shionogi Analysis Center Co., Ltd. in a merger
October 2019	Established Stream-I, Inc. (now a consolidated subsidiary), a joint venture with M3, Inc.
May 2020	Acquired Tetra Therapeutics Inc. (now a consolidated subsidiary)
August 2020	Established Ping An-Shionogi (Hong Kong) Limited (Hong Kong, now a consolidated subsidiary, Shionogi (Hong Kong) Commerce Limited)
November 2020	Established Ping An-Shionogi Co., Ltd. (China, now a consolidated subsidiary)
April 2022	Moved from the Tokyo Stock Exchange's First Section to its Prime Market due to a revision of the Tokyo Stock Exchange's market classifications
August 2022	Established Yui Connection Co., Ltd. (now a consolidated subsidiary)
July 2023	Sold a portion of the shares of Shionogi Business Partner Co., Ltd. (now an equity-method affiliate)
July 2023	Acquired Qpex Biopharma, Inc. (now a consolidated subsidiary)
October 2023	Established Shionogi-Apnimed Sleep Science, LLC (now an equity-method joint venture)
January 2025	Made Ping An-Shionogi (Hong Kong) Limited (now consolidated subsidiary Shionogi (Hong Kong) Commerce Limited) a wholly owned subsidiary
March 2025	Made Ping An-Shionogi Co., Ltd. (now a consolidated subsidiary) a wholly owned subsidiary
September 2025	Made Torii Pharmaceutical Co., Ltd. a wholly owned subsidiary
December 2025	Succeeded to pharmaceutical business of Japan Tobacco Inc. through a company split (simplified absorption-type split) and made Akros Pharma Inc. a consolidated subsidiary
March 2026	ViiV Healthcare Ltd. becomes an equity-method affiliate through additional investment.
April 2026	Succeeded to the edaravone business of Tanabe Pharma Corporation and established RADICAVA business company
April 2026	Made Shionogi-Apnimed Sleep Science, LLC a consolidated subsidiary

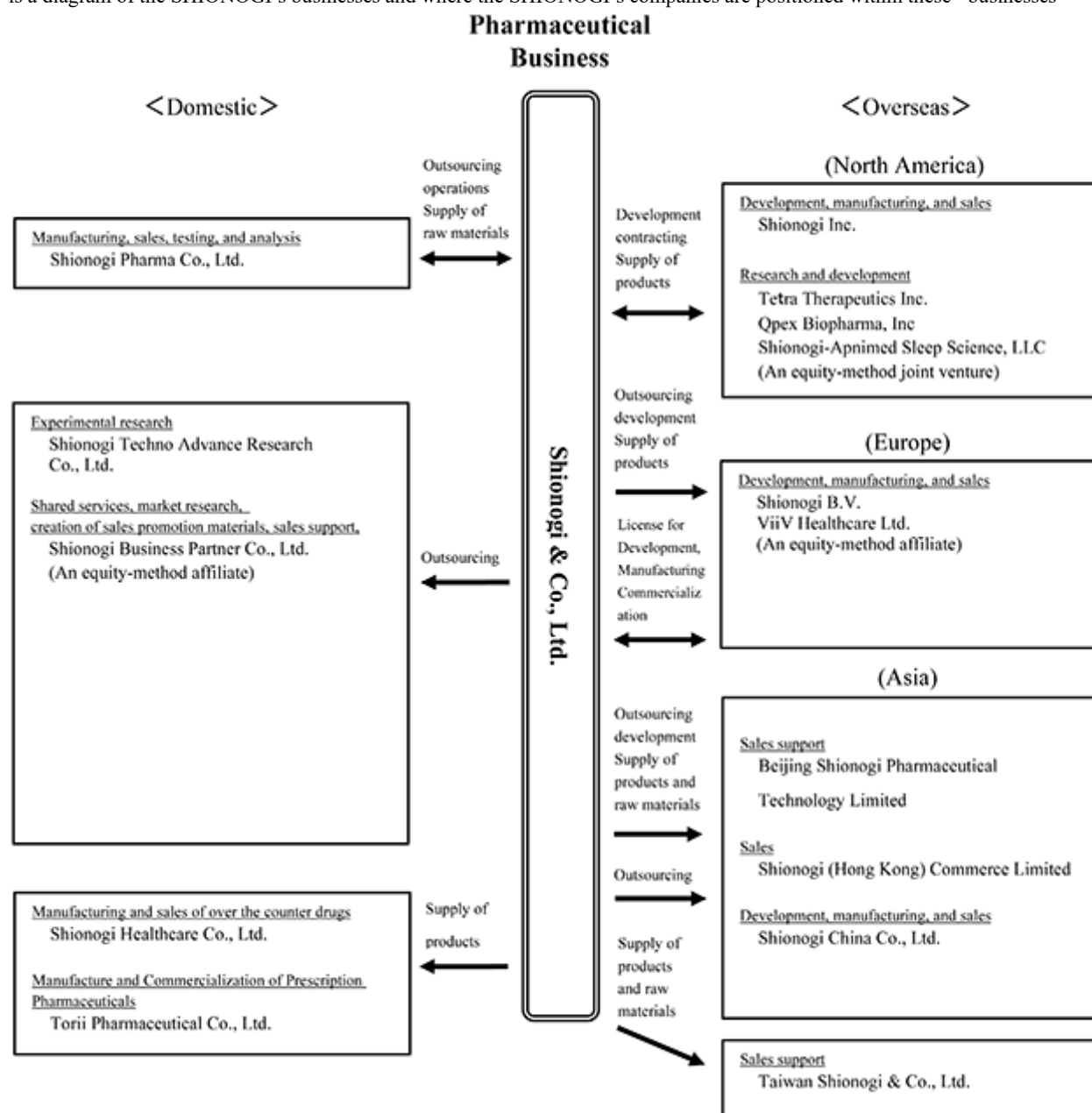
3. Business Line

As of March 31, 2026, SHIONOGI (the Company and its subsidiaries and affiliates) consists of the Company, 39 consolidated subsidiaries, 6 affiliates, and 2 joint ventures. It has a single business segment, consisting of the research, development, purchase, manufacture, and sale of prescription drugs and related businesses.

Important companies are as follows.

The Company, Shionogi Pharma Co., Ltd., Shionogi Healthcare Co., Ltd., Shionogi Techno Advance Research Co., Ltd., Torii Pharmaceutical Co., Ltd., Shionogi Business Partner Co., Ltd., Shionogi Inc., Qpex Biopharma, Inc., Tetra Therapeutics Inc., ViiV Healthcare Ltd., Shionogi-Apnimed Sleep Science, LLC, Shionogi B.V., Taiwan Shionogi & Co., Ltd., Beijing Shionogi Pharmaceutical Technology Limited., Shionogi (Hong Kong) Commerce Limited, Shionogi China Co., Ltd. and 32 other companies. The following diagram shows SHIONOGI's businesses and the positioning of SHIONOGI companies within these businesses.

is a diagram of the SHIONOGI's businesses and where the SHIONOGI's companies are positioned within these businesses



Notes: 1. Due to insignificance of scale, 27 consolidated subsidiaries, 4 affiliates and 1 jointly controlled entity are not shown in this diagram.

2. On April 6, 2026, the Company acquired additional shares of Shionogi-Apnimed Sleep Science, LLC to make it a consolidated subsidiary. Furthermore, based on an investment agreement concluded between the Company and Shionogi Inc., a consolidated subsidiary of the Company, on June 1, 2026, Shionogi-Apnimed Sleep Science, LLC became a wholly owned subsidiary of Shionogi Inc.

4. Information on Subsidiaries and Affiliates

Name	Address	Capital (Millions of yen)	Main business	Ownership of voting rights (%)	Relationship
[Consolidated subsidiaries]					
Shionogi Pharma Co., Ltd. (Note 2)	Osaka, Japan	90	Pharmaceutical Business	100.0	The Company outsources manufacture, testing, and analysis of pharmaceuticals. Concurrent directors, etc.....None
Shionogi Healthcare Co., Ltd.	Osaka, Japan	10	Pharmaceutical Business	100.0	The Company sells over the counter drugs. Concurrent directors, etc.....None
Shionogi Techno Advance Research Co., Ltd.	Osaka, Japan	9	Pharmaceutical Business	100.0	The Company outsources experimental research support operations. Concurrent directors, etc.....None
Torii Pharmaceutical Co., Ltd. (Note 2)	Tokyo, Japan	5,190	Pharmaceutical Business	100.0	The Company sells pharmaceuticals. Concurrent directors, etc.....None
Shionogi Inc. (Note 2)	New Jersey, U.S.A.	USD 12	Pharmaceutical Business	100.0	The Company outsources development operations for pharmaceuticals. The Company sells pharmaceuticals. Concurrent directors, etc..... Yes
Tetra Therapeutics Inc. (Official name: Tetra Discovery Partners Inc.)	Michigan, U.S.A.	USD 37 thousand	Pharmaceutical Business	100.0	The Company outsources research and development operations for pharmaceuticals. Concurrent directors, etc.....Yes
Qpex Biopharma, Inc. (Note 4)	California U.S.A.	USD 4,107	Pharmaceutical Business	100.0 (100.0)	The Company outsources research and development operations for pharmaceuticals. Concurrent directors, etc.....Yes
Shionogi B.V. (Note 2)	Amsterdam, Netherlands	GBP 630 thousand	Pharmaceutical Business	100.0	The Company outsources development operations for pharmaceuticals. The Company manufactures and sells pharmaceuticals. Concurrent directors, etc..... Yes
Taiwan Shionogi & Co., Ltd.	Taipei, Taiwan	TWD 92 million	Pharmaceutical Business	100.0	The Company sells pharmaceuticals and raw materials. Concurrent directors, etc..... Yes
Beijing Shionogi Pharmaceutical Technology Limited	Beijing, Mainland China	30	Pharmaceutical Business	100.0	The Company outsources market research operations for pharmaceuticals. Concurrent directors, etc..... Yes
Shionogi (Hong Kong) Commerce Limited (Notes 2, 4)	Hong Kong, China	HKD 361,794 thousand	Pharmaceutical Business	100.0 (100.0)	The Company outsources the sale of pharmaceuticals. Concurrent directors, etc.....None
Shionogi China Co., Ltd. (Notes 2, 4)	Shanghai, Mainland China	RMB 1,061,224 thousand	Pharmaceutical Business	100.0 (100.0)	The Company outsources the development, manufacture, and sale of pharmaceuticals. Concurrent directors, etc.....None
[Equity-method affiliate]					
Shionogi Business Partner Co., Ltd.	Osaka, Japan	10	Pharmaceutical Business	20.0	The Company outsources various service operations. Concurrent directors, etc..... None
ViiV Healthcare Ltd.	London,UK	GBP 48 thousand	Pharmaceutical Business	21.7	The Company has entered into license agreements for the development, manufacture, and commercialization of pharmaceutical products. Concurrent directors, etc..... Yes
[Equity-method joint venture]					
Shionogi-Apnimed Sleep Science, LLC (Note 5)	Massachusetts U.S.A.	USD 178,200 thousand	Pharmaceutical Business	50.0	The Company undertakes contract research and development of pharmaceuticals. Concurrent directors, etc..... Yes

Notes:

1. The “Main business” presented is the name of the business segment.
2. Indicates companies classified as specified subsidiaries.
3. In addition to the above, there are 27 consolidated subsidiaries, 1 affiliate and 1 joint venture accounted for by the equity method. However, each of these has insignificant impact on the Company’s business and is immaterial on the whole.
4. Figures in parentheses for “Ownership of voting rights” are the indirect ownership percentages included.
5. On April 6, 2026, the Company acquired additional shares of Shionogi-Apnimed Sleep Science, LLC to make it a consolidated subsidiary. Furthermore, based on an investment agreement concluded between the Company and Shionogi Inc., a consolidated subsidiary of the Company, on June 1, 2026, Shionogi-Apnimed Sleep Science, LLC became a wholly owned subsidiary of Shionogi Inc.

II. Business Overview

1. Management Policy, Business Environment, Issues to Be Addressed, etc.

Matters discussed here that are not historical fact reflect the judgment of the SHIONOGI Group (the Company and its consolidated subsidiaries, hereinafter referred to as “SHIONOGI”) as of the end of the fiscal year under review.

(1) Management policy, management strategy, etc.

■ Basic management policy

The basic policy of SHIONOGI (SHIONOGI Group Heritage) is defined as “striving constantly to supply the best possible medicine (healthcare solutions) to protect the health and wellbeing of the patients we serve.” To achieve this, SHIONOGI will need to create and manufacture innovative new medicines and to provide even more people with scientifically supported and accurate information about their quality and safety so that they can take advantage of them. Furthermore, SHIONOGI believes that the daily improvement by all SHIONOGI people of their knowledge and technology will lead to greater benefits for all stakeholders (customers, shareholders and investors, society, employees, etc.).

■ Vision of what SHIONOGI wants to achieve by 2030

SHIONOGI is transforming its business with the SHIONOGI Group Vision of “Building Innovation Platforms to Shape the Future of Healthcare.” SHIONOGI recognizes that its social mission is to address the growing concerns in developed countries about rising social security costs and the increasing sophistication and diversification of medical needs and to continue to contribute to the health of people and the realization of a sustainable society. Meanwhile, the prescription drug business is continually facing challenges for its sustainability because of the expiration of patents for mainstay products. SHIONOGI hopes to solve problems faced by patients and society in a more comprehensive manner through our self-transformation from a conventional drug discovery company offering prescription drugs to a “HaaS (Healthcare as a Service) company” that provides a wide range of healthcare services and continuously renders new value to society. To this end, SHIONOGI must further evolve its strengths based on innovation and advanced expertise it has cultivated since its founding as a drug discovery-based pharmaceutical company while increasingly catalyzing the formation of new healthcare platforms as the “hub of co-creation” that is chosen by other companies and industries with different strengths.

SHIONOGI will work to realize the SHIONOGI Group Vision by accepting diversity, without fear of change, and by going beyond its conventional concept to transform.

The graphic features a background of a molecular structure. On the left, the title 'Building Innovation Platforms to Shape the Future of Healthcare' is written in large red letters, followed by 'SHIONOGI Group Vision (2030 Vision)' and '- What we want to achieve by 2030 -' in smaller black text. On the right, under the heading 'Appearance after Vision is realized', there is a bulleted list of three goals in red and black text.

Building Innovation Platforms to Shape the Future of Healthcare

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

Appearance after Vision is realized

- **Continuously creating innovative products/services, with a well-established and rapidly-growing global business**
 - Expansion of business model
 - Maintenance of high profit margins and growth after overcoming the patent cliff
- **Continuing to offer solutions to health issues facing society**
 - Freedom from the threat of infectious diseases, better QOL, extension of healthy lifespans, contribution to sustainable social security, and contribution to achieving SDGs
- **Excellent business persons who never take a break from building their expertise and capabilities, leveraging their individual strengths and creating new value**

■ Business environment and management strategy

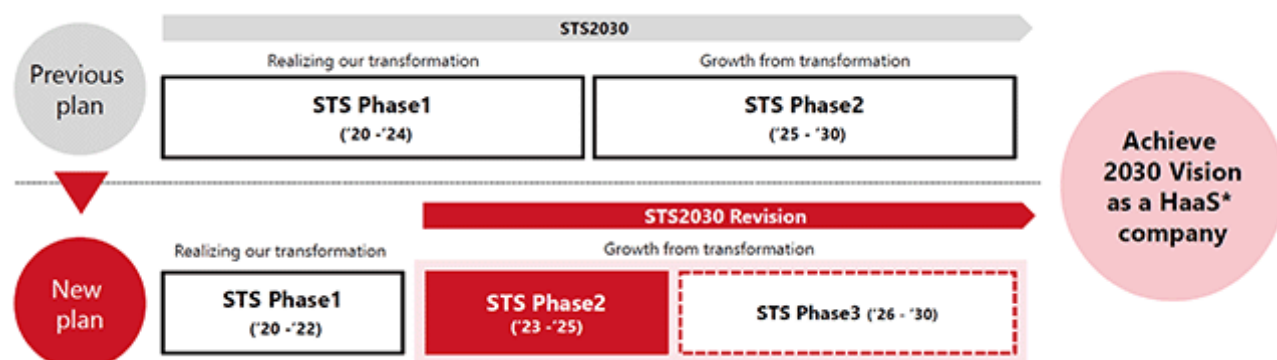
The global business environment is becoming increasingly complex, making it difficult to predict the future. The environment surrounding the healthcare industry has been rapidly changing, reflecting factors such as the growing global population, the increased aging of society due to the low birthrate in high- and middle-income countries, environmental changes, including climate change, that are occurring on a global scale, the associated changes in the prevalence of certain diseases and healthcare needs, the dramatic advancement of artificial intelligence, or AI, the diversification of people's values, and the novel coronavirus (SARS-CoV-2) pandemic, which was associated with changes in the way drug discovery research and development is conducted and the approach in doing business globally. In addition, the business environment is becoming increasingly severe amid growing pressure to curb drug costs in developed countries due to strained healthcare insurance finances and, in the case of Japan, with the introduction of yearly NHI price revisions for prescription drugs, which were previously implemented every two years, in fiscal 2021. Furthermore, due to factors such as the escalating competition between superpowers over leadership in fields such as the economy, technology, and security, the growing trend toward prioritizing national interests, including U.S. tariff measures, and the heightened geopolitical risks arising from the prolonged Russian invasion of Ukraine and the escalation of conflict in the Middle East, the risks of increasing difficulties and disruptions in overseas business operations and in the procurement and supply of pharmaceutical raw materials are becoming increasingly apparent. Due to such rapid changes in the external environment, in a situation where the predictability of the business environment is declining on a global scale, it is more essential than ever to ensure stable business operations while continuing to invest in innovation.

Even under these challenging circumstances, SHIONOGI took the lead in developing Xocova, a treatment for COVID-19. The development progressed at an unprecedented speed from drug discovery to clinical development and application for approval, eventually obtaining emergency approval and thereby making a meaningful contribution to social stability. In addition, with regard to the HIV (Human Immunodeficiency Virus) franchise, the growing adoption of a safer, two-drug oral regimen designed to meet the needs of people living with HIV, together with the groundbreaking strategy of ViiV Healthcare Ltd. ("ViiV Healthcare") to shift the market from oral medications, which have historically been the mainstay, to long-acting injectable (LAI) formulations that can address more fundamental needs, is steadily yielding results. As a result, sales of Cabenuva (for treatment) and Apretude (for prevention), LAI formulations containing cabotegravir licensed by the Company to ViiV Healthcare, expanded steadily and are expected to continue growing steadily in the future.

SHIONOGI announced Medium-term Business Plan "Shionogi Transformation Strategy 2030 (STS2030)" in 2020 to realize its 2030 Vision and has been implementing various measures. Based on the results and lessons learned from the initiatives over the three years from the formulation of STS2030 to 2023, we updated the STS2030 and formulated the STS2030 Revision in June 2023 to further clarify the path toward achieving the SHIONOGI Group Vision.

■ Outline of the STS2030 Revision

The STS2030 Revision positions the three-year period from FY2023 to FY2025 as STS Phase 2 with the aim of accelerating growth through transformation. In addition, we planned to formulate and implement a new plan for the period from FY2026 to FY2030 as STS Phase 3.



In STS Phase 1, we were able to achieve most of the KPIs through the sales expansion of products discovered internally and progress in products and services other than prescription drugs, as well as governance enhancement. In STS Phase 2, the basic policies are “achieving global top-line growth centered on the infectious disease area” and “realizing the development of growth drivers through aggressive investment,” under which we proceeded with efforts to accelerate growth through three pillars: “continued growth of HIV franchise,” “acute respiratory infection business,” and “expansion of new products and new businesses.” As a result, in FY2022, we achieved the highest revenue and operating profit since our founding and went on to set new records for three consecutive fiscal years from FY2023 through FY2025. In FY2025, in particular, we achieved record-high revenue and all profit measures, demonstrating our steady growth.

■ Toward achieving SHIONOGI Group Vision

As we continue to grow steadily toward the realization of the SHIONOGI Group Vision, in FY2025, the final year of STS Phase 2, we made several large-scale business investments with an eye toward achieving further significant growth from FY2026 onward.

One reason for these investments was that it has become even more certain that our HIV business, which is our core revenue base, will remain a stable source of revenue over the medium to long term. In the HIV business, ViiV Healthcare’s strategy has proven successful, leading to steady market penetration of LAI formulations, while significant progress has also been made in the development of the third-generation integrase inhibitor S-395598/VH4524184, which is expected to drive further growth. In a Phase 2a trial of the oral formulation, we were able to confirm excellent antiviral efficacy, favorable safety, and a resistance profile distinct from that of existing integrase inhibitors. Furthermore, positive clinical trial results were reported, demonstrating the potential for treatment with administration once every six months (only twice yearly). In light of these developments, we decided to make an additional investment in ViiV Healthcare to further deepen our partnership and strengthening our commitment to the HIV field.

Furthermore, to strengthen our in-house drug discovery capabilities, which are the source of our medium- to long-term growth, and our domestic business, which is one of our key business pillars, we completed the acquisition of the pharmaceutical business of Japan Tobacco Inc. (“JT Pharmaceutical Business”), together with its subsidiary Torii Pharmaceutical Co., Ltd. (“Torii Pharmaceutical”) and Akros Pharma Inc. (“Akros”), as a single integrated business. We also acquired the business of edaravone, a treatment for amyotrophic lateral sclerosis (ALS) and other indications, from Tanabe Pharma Corporation (“Tanabe Pharma”) to strengthen our sales capabilities in the U.S. and establish our rare disease business as the next growth area after infectious diseases. These three major investments enabled us to make steady progress in building a strong business base and strengthening our management foundation to support future growth.

Initially, the STS2030 Revision envisaged FY2026 through FY2030 as STS Phase 3, with a new plan to be announced in FY2026. However, as a result of these aggressive business investments, the assumptions surrounding our business management have changed significantly. Therefore, we are positioning FY2026 as the year in which we will focus on solidifying the business foundations that we have acquired through these business investments to support future growth. Based on this approach, we plan to announce our new medium-term business plan after April 2027, with a view to future growth.

■ Relationship between SHIONOGI’s material issues (materiality) and the STS2030 Revision

SHIONOGI aims to grow as a company that is needed by society by addressing social issues and responding to medical needs through its business activities and to share the results with its stakeholders. In order to achieve this, SHIONOGI has identified its material issues by grasping the environment surrounding SHIONOGI, evaluating the opportunities and risks associated with changes in the environment, and analyzing the current status and issues of SHIONOGI. Of these material issues, the elements that were identified as particularly essential, taking into consideration SHIONOGI’s growth and demands from society up to 2030, have been incorporated in the STS2030 Revision strategies.

Details of our material issues are provided in “II. Business Overview, 2. Views and Initiatives Concerning Sustainability.”

*For details on the process for identifying material issues and analyzing and assessing risks and opportunities, please visit our website.
<https://www.shionogi.com/global/en/company/strategy/important-issues.html>

(2) Priority business and financial issues to be addressed in the STS2030 Revision

Among the material issues, SHIONOGI places particular emphasis on “Protect people from the threat of infectious diseases,” believing that the accomplishment of this task is the mission of SHIONOGI as a leading company in the field of infectious diseases. Based on this belief, in the STS2030 Revision, we aim to solve various healthcare issues in the field of infectious diseases and establish a sustainable business model. “Contribute to a healthy and prosperous life” is another material issue that we stress. Focusing not only on our conventional focus areas of “psychiatric and neurological diseases” and “pain” but also on QOL (Quality of Life)-related diseases that have a significant social impact, such as dementia, obesity, children’s diseases and rare diseases, and sleeping disorders, we will contribute to the realization of a society in which everyone can live life to the fullest and on their own terms.

■ Creating value by solving social issues

(i) Protect people from the threat of infectious diseases

SHIONOGI has conducted research and development on infectious diseases for over 60 years, bringing a huge number of drugs for infectious diseases to market along the way. We believe that the strengths cultivated through many years of our activities, such as our deep understanding in the infectious disease area and our libraries of compounds and pathogens, will enable us to continue to provide solutions that contribute to satisfying unmet needs.

Placing the highest priority on relieving the world from the COVID-19 pandemic as soon as possible, we worked on developing treatment drugs and vaccines for COVID-19. Leveraging this experience and expertise, we are also working to create a broad-spectrum coronavirus vaccine that is effective against mutant strains that may emerge in the future and the next coronavirus pandemic. Furthermore, we developed products and services for the realization of total care for infectious diseases (comprehensive care for diseases, including not only treatment but also pre-symptomatic care, prevention, diagnosis, and convalescence), such as the provision of a sewage-based epidemiological survey service through AdvanSentinel Inc., a joint venture with Shimadzu Corporation, and the development and supply of COVID-19 diagnostic drugs. We will continue efforts to build evidence for Xocova and expand its application to children and prevention, thereby contributing to satisfying unmet needs. At the same time, by promoting total care of infectious diseases globally, we aim to achieve top-line growth and establish a sustainable business model.

Regarding the world’s three major infectious diseases, not only for HIV, we will also commit ourselves to other infectious diseases that require a long period of time for treatment, such as tuberculosis and malaria, thereby fulfilling our mission as a leading company in the field of infectious diseases.

Furthermore, for infectious diseases that are difficult for SHIONOGI to tackle alone, we will work to establish a mechanism for solving problems together with society. Antimicrobial resistance (AMR), often called a silent pandemic, has been gradually gaining recognition as an urgent and global threat. However, despite concerns that the threat may grow in the future, development of new treatment drugs is stagnant worldwide due to business risks, such as difficulty in drug discovery and the possibility of failing to recover investment. Under these circumstances, SHIONOGI developed cefiderocol, the first siderophore cephalosporin antibiotic drug in the world, as a promising treatment option for AMR. At the same time, by acquiring Qpex Biopharma, Inc. (“Qpex”) as its fully owned subsidiary, SHIONOGI has obtained an extended-spectrum β -lactamase inhibitor and has also opened the new research center Qpex US Lab., thereby working to enhance its antimicrobial R&D capabilities and network in the United States. In addition, SHIONOGI has formed a partnership with MPP (Medicines Patent Pool) and has also signed partnership agreements with GARDP (Global Antibiotic Research and Development Partnership) and CHAI (Clinton Health Access Initiative) for the purpose of improving access to infectious disease treatment drugs by countries around the world, including low- and middle-income countries.

(ii) Contribute to a healthy and prosperous life

Aiming to realize a society in which everyone can live life to the fullest and on their own terms, SHIONOGI has identified QOL diseases with high social impact as a focus area in the STS2030 Revision. In addition to psychiatric and neurological diseases and pain, for which research and development is already underway, SHIONOGI is developing a pipeline in areas with particularly high unmet needs, such as sleep disorders and hearing loss. We started domestic sales of “QUVIVIQ® tablets 25 mg and 50 mg,” an insomnia treatment, in FY2024 and “ZURZUVAE® capsules 30 mg,” a depression treatment, in FY2025. In addition, by making Torii Pharmaceutical a wholly owned subsidiary, we have acquired its extensive product portfolio in the allergy and skin disease areas, thereby expanding our initiatives in the QOL disease field.

In addition, to achieve further growth as an HaaS company, we have been advancing initiatives to provide solution platforms centered on prescription drugs and to respond to the needs of many more patients. In FY2024, we obtained approval of domestic production and sales for ENDEAVORRIDE®, a digital therapeutic app for attention deficit hyperactivity disorder (ADHD) in childhood. We also worked on the development of digital therapeutics apps for insomnia of SUSMED, Inc. and AI-programmed medical equipment for conversational cognitive function testing in collaboration with FRONTEO, Inc. Through these initiatives, we are moving forward with realizing the HaaS concept, which is tailored to the needs of patients. We were also able to make progress in improving the environment for the realization of HaaS through such initiatives as establishing Yui Connection Co., Ltd., which provides educational support services for school teachers to propose education plans appropriate for individual students, collaborating with Pixie Dust Technologies, Inc. in improving cognitive function using sound stimulation, and, in FY2025, launching the Talk Labo KIBIT web application for assessing cognitive health in collaboration with FRONTEO, Inc. and implementing it as an insurance value-added service. Going forward, we will not only provide treatment drugs but also solve problems of patients and their families, as well as those who support them, through the development and provision of innovative treatment options and services, thereby contributing to improving their QOL and productivity of society.

(3) Objective indicators for determining the achievement status of management goals

In the STS2030 Revision, three indicators for growth potential and three indicators for shareholder return have been set as the financial and management indicators to be achieved. The three indicators we set to measure growth potential are as follows: revenue, as we prioritize top-line growth; overseas sales CAGR (Compound Annual Growth Rate), as we aim to achieve growth globally; and EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization), as we make active investments toward growth and to measure our earning power. As the three indicators for shareholder return, we continued to set EPS, DOE, and ROE from the perspectives of business growth and financial measures.

Key Performance Indicator (KPI)		FY2025 Target (Note 1)	FY2030 Target (Note 1)
Growth	Revenue	530.0 billion yen	800.0 billion yen
	Overseas sales CAGR (Excluding royalty income)	Reviewing the growth plan (Planning to reset KPIs with an eye toward growth in the next fiscal year and beyond)	Reviewing the growth plan (Planning to reset KPIs with an eye toward growth in the next fiscal year and beyond)
	EBITDA	196.0 billion yen	—
Shareholder return	EPS(Note 2)	Over 200 yen	—
	DOE	4%	—
	ROE	Over 14%	—

Note:

1. In our financial results for FY2024 disclosed on May 12, 2025, we revised the key performance indicators (KPIs) for FY2025: revenue from 550.0 billion yen to 530.0 billion yen and EBITDA from 200.0 billion yen to 196.0 billion yen. For overseas sales CAGR, we plan to reset the target in anticipation of further growth from FY2026 onwards.
2. The Company conducted a 3-for-1 stock split of shares of common stock, effective October 1, 2024. The EPS target for the fiscal year 2025 is stated based on the figures after the stock split.

In FY2025, the Company made several large-scale business investments as it entered a new phase of growth. Accordingly, the Company plans to revise its management indicators in its forthcoming medium-term business plan. Going forward, we will steadily implement each of the measures we have identified, continue to explore business development opportunities, including M&A, in-licensing, and partnerships, to establish additional revenue drivers, and leverage our strong financial foundation to make proactive investments commensurate with the value of each project, with the aim of achieving our management indicators.

2. Views and Initiatives Concerning Sustainability

SHIONOGI's views and initiatives concerning sustainability are as follows.

Matters discussed here that are not historical fact reflect the judgment of SHIONOGI as of the end of the fiscal year under review.

(1) Views concerning sustainability

SHIONOGI has identified the material issues for both SHIONOGI and society toward achieving both the growth of its business and the sustainability of society while declaring its determination to contribute to the achievement of the SDGs in the SHIONOGI Group Vision. In addition, to fulfill its corporate responsibility for the economy, society, environment, etc., SHIONOGI is also focusing on strengthening ties with diverse stakeholders.

(2) Initiatives concerning sustainability

In order to achieve both the growth of business and the sustainability of society, besides the initiatives related to value creation as described in the previous section "Priority business and financial issues to be addressed in the STS2030 Revision," we recognize that promoting initiatives toward realizing a sustainable society is important. At SHIONOGI, from the perspective of the importance for the Company and the importance for society and the global environment, "protecting the environment," including response to climate change, and "develop and secure human resources to support growth" have been identified as the issues to be addressed with particular attention for achieving the growth of business and the sustainability of society, and initiatives toward solving these issues are being promoted.

a. Governance

At SHIONOGI, important management issues related to sustainability are discussed and resolved at the Corporate Executive Meeting and the Board of Directors. Under the responsibility of the corporate officer in charge, the Sustainability Management Department works with each organization to promote company-wide activities to promote sustainability-related initiatives and strengthen the system.

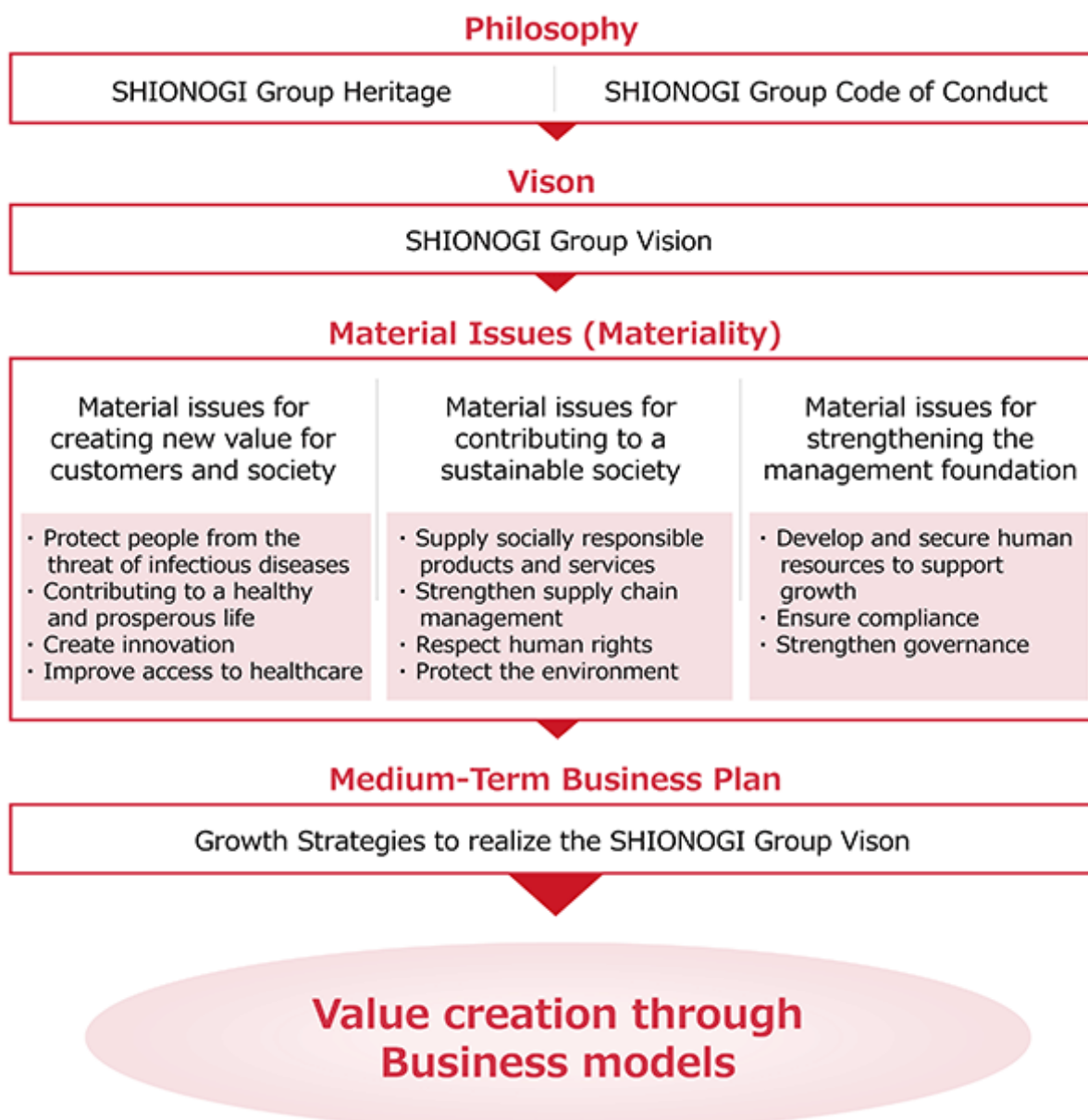
After establishing indicators for each material issue, the progress of initiatives against those indicators is reported to the Corporate Executive Meeting and the Board of Directors on a semiannual basis, and the opinions and recommendations received are reflected in our initiatives. Furthermore, sustainability-related matters involving significant decision-making are referred to the Corporate Executive Meeting and the Board of Directors for deliberation.

Details of SHIONOGI's company-wide corporate governance system are described in "IV. Information on the Filing Company, 4. Corporate Governance, etc., (1) Overview of corporate governance."

b. Strategy

SHIONOGI aims to grow as a company that is essential to society by addressing healthcare-related social issues through its business activities and contributing to the realization of a sustainable society while sharing the resulting value with its stakeholders.

Underlying these business activities is the Company Policy of SHIONOGI (SHIONOGI Group Heritage) of "SHIONOGI strives constantly to supply the best possible medicine to protect the health and wellbeing of the patients we serve." Based on this policy, we have established the SHIONOGI Group Vision as our medium- to long-term goal. To realize this SHIONOGI Group Vision, we have identified SHIONOGI's material issues by determining changes in the internal and external environments and analyzing and assessing risks and opportunities along with their timelines. The identified material issues have been organized into three categories : "creating new value for customers and society," "contributing to a sustainable society, and "strengthening the management foundation," and we are promoting activities for each category. In addition, based on the identified material issues, we have formulated STS2030 Revision, a medium-term business plan which serves as our growth strategy.



Details of the STS2030 Revision and the relationship between SHIONOGI's material issues and the STS2030 Revision are described in "II. Business Overview, 1. Management Policy, Business Environment, Issues to be Addressed, etc."

*For details on the process for identifying material issues and analyzing and assessing risks and opportunities, please visit our website.

<https://www.shionogi.com/global/en/company/strategy/important-issues.html>

As described in the section of the business environment and management strategy, we are currently reviewing our material issues in response to significant changes in the assumptions surrounding our business operations. We plan to announce our new material issues along with the new medium-term business plan after April 2027.

c.Risk management

Sustainability-related risk management is integrated into the company-wide risk management structure. Specifically, we identify risks to and opportunities for our business, including sustainability, after taking into consideration the degree of their impact and likelihood of occurrence, appoint a supervisory unit in charge and a risk owner for each risk, and promote response plans to turn uncertainties into opportunities or reduce them. Details of risk management are described in "II. Business Overview, 3. Business and Other Risks."

d. Indicators and targets

SHIONOGI has established materiality indicators for each material issue, which have been determined through deliberation at the Corporate Executive Meeting and by the Board of Directors.

Furthermore, the progress of the initiatives related to materiality indicators is reported to the Corporate Executive Meeting and the Board of Directors every six months. By managing and monitoring the progress for each material indicator, we ensure effectiveness of the initiatives.

* For details on the indicators for each material issue and the results of major initiatives, please refer to our website.

<https://www.shionogi.com/global/en/company/strategy/important-issues.html>

(3) Protecting the Environment (climate change)

(i) Approach to environmental considerations

As a corporate group that employs natural capital to operate its business, SHIONOGI recognizes that realizing a sustainable society through the conservation of the global environment is an important responsibility that we must fulfill. Based on the SHIONOGI Group EHS*1 Policy and the SHIONOGI Group EHS Code of Conduct, SHIONOGI has established an EHS governance structure and has identified the five issues of “AMR,” “climate change,” “resource conservation and circulation,” “water,” and “environmental management and governance” as its issues of “environmental materiality” to be addressed on a priority basis. In addition, as indicators for medium- to long-term, strategic initiatives, we have set the SHIONOGI Group EHS Action Targets with FY2035 as the final year.

In particular, with regard to “climate change,” which has been identified as one of our issues of environmental materiality, we are strengthening our efforts toward carbon neutrality to achieve our interim target of a 60% reduction in Scope 1 and 2 emissions by FY2035 (from the FY2019 level), on the way to achieving carbon neutrality in 2050. As part of these efforts, in March 2022, SHIONOGI announced its support for the TCFD*2 recommendations and joined the TCFD Consortium. As actions in response to the TCFD recommendations, we identified climate change-related risks and opportunities that may affect our business activities and assessed their financial impact, and we have disclosed the results as follows. The impact on climate change-related disclosures of the acquisition of Torii Pharmaceutical and the JT Pharmaceutical Business, as well as the acquisition of the edaravone business from Tanabe Pharma, completed in or after FY2025, will be reassessed and disclosed during FY2026.

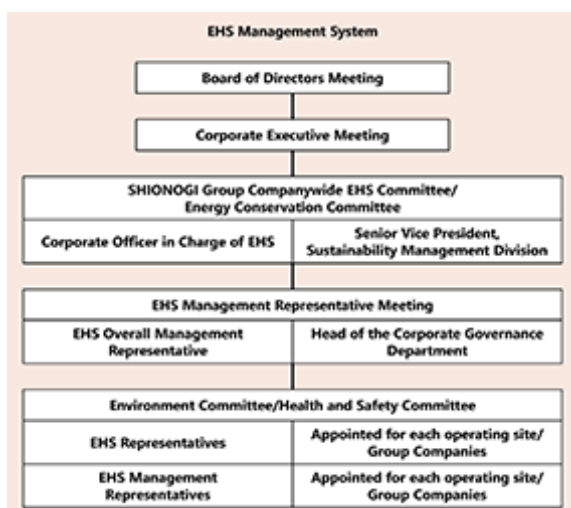
*1 EHS: Environment, Health, and Safety

*2 Task Force on Climate-related Financial Disclosures: An organization established by the Financial Stability Board (FSB) at the request of the G20 to examine how climate-related information should be disclosed and addressed by financial institutions

■ Disclosure based on the TCFD recommendations

a. Governance

The progress of specific actions taken on climate change risks is managed through SHIONOGI's EHS governance structure. The Senior Vice President of the Sustainability Management Division, who is also the risk owner for this theme within the company-wide risk management system, has been appointed as the Corporate Officer in Charge of EHS, who chairs the SHIONOGI Group Companywide EHS Committee and the Energy Conservation Committee. Decisions made by each of these committees, which meet at least four times a year in total, are reported to the President and CEO. Among them, matters requiring higher-level deliberation are submitted to the Corporate Executive Meeting in advance to obtain a Board of Directors' resolution or other organizational decisions. Thus, we have established a governance system that enables deeper discussions.



b. Strategy

In FY2022, to assess and identify risks and opportunities related to climate change, SHIONOGI conducted scenario analysis using two temperature zones: the 1.5°C scenario (a sustainable future in which greenhouse gas emissions are reduced in line with the Paris Agreement and the temperature rise is limited to 1.5°C above pre-industrial levels) and the 4°C scenario (a future in which emissions are not reduced and the temperature rises by 4°C, resulting in serious impacts). Based on this, we examined our climate change strategy, including assessment of financial impacts and formulation of policies to respond to the risks. In FY2025, we partially revised our assessment of financial impacts of the identified risks and opportunities, taking into consideration external factors such as business progress and exchange rate fluctuations.

The results of the assessment of SHIONOGI's risks and opportunities related to climate change using the 1.5°C and 4°C scenarios are as shown in the table below. We have identified 1) the introduction of carbon pricing, 2) the impact of local extreme weather/temperature rise on raw material procurement, and 3) the sea level rise as three risks/opportunities attributable to climate change with a relatively large financial impact. In the calculation made for assessment assuming that all the identified risks and opportunities are materialized, we have confirmed that the negative financial impact on core operating profit in 2030, the final year of the Medium-Term Business Plan STS2030, will be within around 10%. Therefore, while the STS2030 Revision established in June 2023 is targeting greater expansion of revenue than the STS2030, we have concluded that our business remains resilient under the climate scenarios considered.

• Outline of the assessment of SHIONOGI's risks and opportunities related to climate change

Category		Major risks and opportunities	Single-year financial impact in FY2030*1	
			1.5°C scenario	4°C scenario
Transition risks	Policy	Introduction of carbon pricing	Medium*2	Small
		Tightening of energy conservation regulations	Small	Small
Physical risks	Acute	Impact of local extreme weather and temperature rise on raw material procurement	Large*3	Large*3
		Damage to supply chain facilities due to intensifying storms and floods	Small	Small
	Chronic	Sea level rise	Large*4	Large*4
Opportunities	Market	Development of new markets/areas through R&D on new pharmaceuticals	Small	Small
		Switch to environment-friendly low-carbon containers and packaging	Small	Small

Notes:

1. Financial impact: Large: 10.0 billion yen or more; Medium: 1.0 billion yen to less than 10.0 billion yen; Small: less than 1.0 billion yen. Note that the impact on climate change-related disclosures of the acquisition of Torii Pharmaceutical and the JT Pharmaceutical Business, as well as the acquisition of the edaravone business from Tanabe Pharma, implemented during FY2025, is not considered.
2. As the worst case scenario for Scope 1-3 of SHIONOGI, we assume approximately 9.8 billion yen. Based on the IPCC 1.5°C Special Report, we have internally set the carbon tax at 21,719 yen/tCO₂ for calculations.
3. We assume a situation where shipments of some of our mainstay pharmaceutical products will be suspended due to the inability to procure lysate reagents used in quality testing.
4. As the worst case scenario, we assume that factories and other sites will have to be relocated.

* For more details, please see the website below.

<https://www.shionogi.com/global/en/sustainability/environment/results/climate/tcfd.html>

c. Risk management

In the climate change scenario analysis, “transition risks,” “physical risks,” and “opportunities” are comprehensively identified as the impacts of climate change on business activities. After assessing the financial impact and business resilience of each of the identified items in both the 1.5°C and the 4°C scenarios, we determine response priorities and formulate response policies and countermeasures. Regarding risks and opportunities, including climate change, that may have a material impact on the future business environment, we consider their degree of impact, probability of occurrence, etc. in our company-wide risk management framework and manage the implementation of their countermeasures. These processes from the identification of risks to the formulation and promotion of countermeasures, as well as relevant important matters, are reported to the Corporate Executive Meeting and the Board of Directors.

d. Indicators and targets

The SHIONOGI Group EHS Action Targets, our medium- to long-term targets, include greenhouse gas (CO₂) emissions reduction as an indicator for reducing climate-related risks. In addition, aiming to achieve carbon neutrality by 2050, we have set SBTs (Science Based Targets) as the greenhouse gas emissions reduction targets for FY2030. These targets were approved by the SBT Initiative in June 2021.

To achieve our FY2030 SBT targets, SHIONOGI is working to introduce renewable energy-derived electricity to its operating sites. As of the end of FY2025, the introduction to major sites of Shionogi & Co., Ltd. (Head Office, Aburahi Research Center, Shionogi CMC Research Innovation Center, Shionogi Pharmaceutical Research Center), as well as the major plants of Shionogi Pharma, namely, the Settsu Plant, Kanegasaki Plant (25% of the total), and Tokushima Plant (from December 2025), has been completed. We also promoted efforts to save electricity and energy at each operating site. These efforts resulted in a 26.8% reduction in Scopes 1 and 2 emissions in FY2025 compared to the FY2019 level. Based on SBTs and the SHIONOGI Group EHS Action Targets, we will continue to promote the introduction to major plants of Shionogi Pharma while also working to reduce supply chain emissions, thereby advancing activities aimed at achieving SHIONOGI's carbon neutrality goal.

• Medium- and long-term targets for reducing greenhouse gas (CO₂) emissions

Item	Target (compared to FY2019)
In-house emissions (Scopes 1 and 2)	Reduce GHG emissions by 10% by FY2024 <Achieved> Reduce GHG emissions by 46.2% by FY2030 Reduce GHG emissions by 60% by FY2035
Supply chain emissions (Scope 3, Category 1)	Reduce GHG emissions by 10% by FY2024 <Achieved> Reduce GHG emissions by 20% by FY2030
Percentage of introduction of renewable energy-derived electricity	90% or more in FY2030

• Results and plans of introduction of renewable energy-derived electricity

FY of introduction	Site	Company name	Status
FY2021	Head Office	Shionogi & Co., Ltd.	Completed
FY2022	Aburahi Research Center	Shionogi & Co., Ltd.	Completed
FY2023	Shionogi CMC Research Innovation Center, Shionogi Pharmaceutical Research Center	Shionogi & Co., Ltd.	Completed
	Amagasaki Office	Shionogi Pharma Co., Ltd.	Completed
FY2024	Settsu Plant	Shionogi Pharma Co., Ltd.	Completed
FY2025	Kanegasaki Plant(25%) Tokushima Plant (From December)	Shionogi Pharma Co., Ltd.	Completed
FY2026	Kanegasaki Plant(50%),	Shionogi Pharma Co., Ltd.	Planned
FY2027	Kanegasaki Plant(100%)	Shionogi Pharma Co., Ltd.	Planned
FY2028	Akita Plant	Shionogi Pharma Co., Ltd.	Planned
FY2029	Itami Plant	Shionogi Pharma Co., Ltd.	Planned
FY2030	Nanjing Plant	Nanjing Chang'ao Pharmaceutical Co., Ltd.	Planned

• Trends in actual greenhouse gas emissions

For items for which targets have been set, the percentage compared to the FY2019 result is presented in parentheses.

Indicator	Unit	FY2019 (Base year)	FY2022	FY2023	FY2024 *1	FY2025 *2
Total of in-house emissions (Scopes 1 and 2) *3	tCO ₂	82,209 (100.0%)	81,966 (99.7%)	72,023 (87.6%)	63,057 (76.7%)	60,168 (73.2%)
Scope 1 *3	tCO ₂	39,960	41,376	40,373	40,090	40,197
Scope 2 *3	tCO ₂	42,249	40,589	31,650	22,967	19,971
Total of Supply chain emissions (Scope 3)	tCO ₂	155,416	141,111	142,919	179,157	257,492
Category 1 *4	tCO ₂	103,838 (100.0%)	80,608 (77.6%)	81,528 (78.5%)	91,370 (88.0%)	100,398 (96.7%)
Other categories *5	tCO ₂	51,577	60,503	61,391	87,787	157,094

Notes:

1. We have received third-party assurance for the greenhouse gas emissions data for Scope 1, Scope 2 and Scope 3 Category 1 for FY2024 presented in the “Shionogi & Co., Ltd. Integrated Report 2025.”
2. These are preliminary figures for which third-party assurance has not been received yet. We plan to obtain third-party assurance for greenhouse gas emissions data for Scope 1, Scope 2, and Scope 3 Category 1. For the final figures for FY2025 that have received third-party assurance, please refer to our integrated report scheduled to be published in September 2026.
3. The scope of coverage is the SHIONOGI Group (excluding overseas Group companies (administrative offices)): SHIONOGI Group companies in Japan and Nanjing Plant (Nanjing Chang’ao Pharmaceutical Co., Ltd.). For FY2025, results of the JT Pharmaceutical Business and Torii Pharmaceutical, which joined the Group in the middle of the period, are not included.
4. The scope of coverage is Shionogi & Co., Ltd. and Shionogi Pharma Co., Ltd. Emissions are calculated using emission units that take into account consumption tax and local consumption tax from FY2022. Accordingly, emissions before fiscal 2021 are recalculated using emission units that take consumption taxes into account.
5. The total of Categories 2, 3, 4, 5, 6, 7 and 12, excluding Categories 8, 9, 10, 11, 13, 14 and 15, which are not included in our own corporate activities or are reported under other categories. The scope of coverage is the SHIONOGI Group in Japan. In FY2025, emissions for Scope 3 Category 2 temporarily increased significantly due to acquisition of non-current assets (mainly research facilities) related to the JT Pharmaceutical Business, which joined the Group during the period.

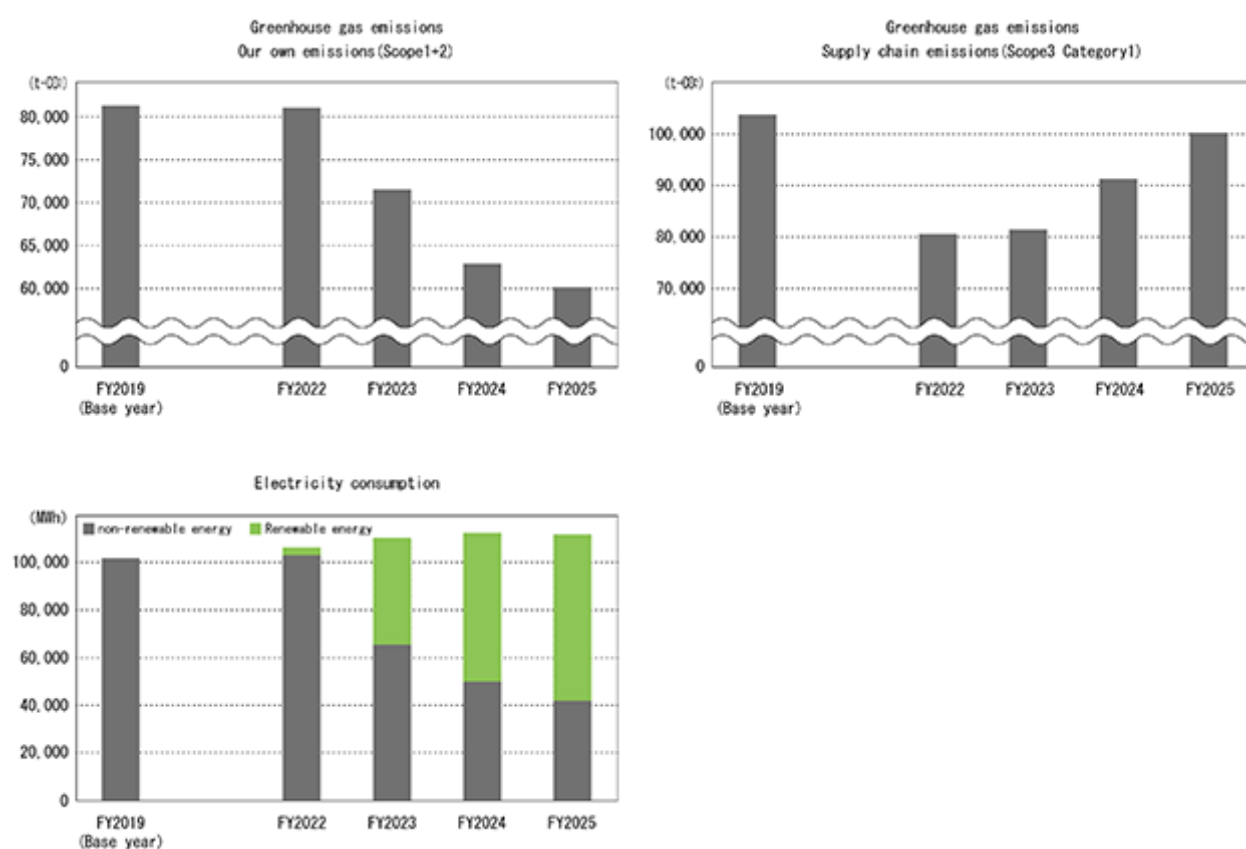
- Trends in energy consumption, electricity usage, and amount of renewable energy-derived electricity introduced (*1)

The target percentages of renewable energy-derived electricity introduction are presented in parentheses.

Indicator	Unit	FY2019 (Base year)	FY2022	FY2023	FY2024(*2)	FY2025(*3)
Total energy consumption	MWh	321,612	337,921	333,595	332,865	333,034
Electricity usage	MWh	101,702	106,154	110,202	112,415	111,783
Of which, renewable energy-derived electricity	MWh	0 (0.0%)	3,308 (3.1%)	44,988 (40.8%)	62,757 (55.8%)	70,090 (62.7%)

Notes:

1. The scope of coverage is the SHIONOGI Group (excluding overseas Group companies (administrative offices)): SHIONOGI Group companies in Japan and Nanjing Plant (Nanjing Chang'ao Pharmaceutical Co., Ltd.). For FY2025, results of the JT Pharmaceutical Business and Torii Pharmaceutical, which joined the Group in the middle of the period, are not included.
2. We have received third-party assurance for the total energy consumption data of FY2024 provided in the Shionogi & Co., Ltd. Integrated Report 2025.
3. These are preliminary figures for which third-party assurance has not been received yet. We plan to obtain third-party assurance for data of the total energy consumption and the renewable energy-derived electricity usage. For the final figures for FY2025 that have received third-party assurance, please refer to our integrated report scheduled to be published in September 2026.



* For progress in activities, please see the website below.

<https://www.shionogi.com/global/en/sustainability/environment/results/climate.html>

(4) Securing human resources who will support growth (expanding human capital)

a. Strategy

We believe that continuous investment in human capital is essential to achieving the STS2030 Revision, which is built on the main pillars of innovation creation and global business expansion, and to realizing the SHIONOGI Group Vision and enhancing corporate value sustainably beyond that.

Under its human resource development philosophy “People are the source of competitiveness,” SHIONOGI has established the “SHIONOGI Way: Have strengths that attract others and proactively take on and accomplish challenges while aggressively improving knowledge and skills” as its new vision for human resources, and it is supporting the growth of individuals through autonomous learning and is working to develop strong individuals capable of surviving global competition and establish an organization that makes the most of diverse human resources. In particular, we are working to visualize employees’ skill levels by defining the skills and skill levels required for each job category at SHIONOGI and through managers’ assessments of each employee. Based on these assessment results, we are promoting the development of internal human resources and the recruitment of external talent to make up for any shortages in human resources and skills required to achieve the SHIONOGI Group Vision.

Furthermore, SHIONOGI believes that having employees empathize with and deepen their understanding of the SHIONOGI Group Heritage and the SHIONOGI Group Vision will lead to a higher level of motivation to make proactive contributions to our stakeholders, which will ultimately contribute to achieving the STS2030 Revision and enhancing corporate value sustainably beyond that. Therefore, we consider the enhancement of human capital, particularly the enhancement of employee engagement, as an important management indicator. Based on this belief, we are promoting initiatives to create a comfortable work environment, enhance job satisfaction, and promote health in order to maximize our strategic execution capabilities by responding to increasingly diverse lifestyles and career aspirations and enhancing employee engagement. Specifically, we are promoting the creation of an environment in which diverse talent can play active roles through initiatives such as shorter working hours, a super flex-time system, teleworking, a selective three-day workweek system, allowing employees to engage in secondary employment, and introducing various systems to support voluntary learning. From the perspective of maintaining and improving the health of employees, SHIONOGI promotes health and productivity management under the SHIONOGI Group Health Policy. We have appointed a corporate officer as the person responsible for health and productivity management and have established a system in which health-related issues are identified and various measures are implemented for the improvement of the issues in cooperation with industrial physicians, nurses, the SHIONOGI Health Insurance Association, labor unions, etc.

Through these initiatives, we aim to foster employees who embody the SHIONOGI Way and proactively contribute to realizing the SHIONOGI Group Vision, thereby achieving the sustainable expansion of our human capital and enhancing corporate value.



b. Indicators and targets

Contents of indicators related to policies on human resource development and internal environment improvement, and targets and results presented using the said indicators.

Category	Indicator	Result				Target
		FY2022	FY2023	FY2024	FY2025	
Securing diverse human resources	Percentage of female employees in managerial positions *3, *4	14.2%	14.7%	16.4%	16.4%	18% or over (FY2027)
Foster an environment and culture in which everyone can work comfortably	Percentage of male employees taking childcare leave *3, *5	53.3%	65.5%	76.0%	75.8%	80% or over (FY2027)
	Percentage of male employees taking childcare leave for 14 days or more *3, *5	—	50.9%	64.1%	73.4%	65% or over (FY2027)
Develop human resources who have strengths that attract others	Percentage of employees using assistance programs for self-investment *6	44.8%	46.5%	55.0%	59.6%	60% or over
Promotion of health and productivity management (health management and occupational safety and health)	Percentage of employees and managers who have attended health literacy educational programs *7	93%	96%	96%	90%	95% or over
	Health checkup coverage rate	100%	100%	100%	100%	100%
	Deviation score of stress response *8	55	49	49	50	55 or over
	Smoking rate *9	5.0%	3.2%	3.0%	2.8%	—

Notes:

- Regarding indicators related to policies on human resource development, including securing diversity in human resources, and internal environment improvement, SHIONOGI manages data of relevant indicators and has taken specific actions. However, these actions are not taken at all of SHIONOGI's consolidated companies, and therefore it is difficult to present figures on a consolidated group basis. For this reason, the targets and results regarding the above indicators are those for consolidated Group companies in Japan.
- Starting in FY2025, employees transferred as part of the succession of the JT Pharmaceutical Business have been included in the employees of the filing company. In addition, since Torii Pharmaceutical became a consolidated Group company in Japan from the same year, these changes are reflected in the results and targets for FY2025. On the other hand, the FY2025 result for the percentage of employees and managers who have attended health literacy educational programs does not include Torii Pharmaceutical, and the FY2025 results for the health checkup coverage rate, deviation score of stress response, and smoking rate do not include Torii Pharmaceutical or employees who joined SHIONOGI through the succession of the JT Pharmaceutical Business.
- The results at the filing company are provided in "IV. Information on the Filing Company, 5. Employees, (2) Employees."
- The number of employees for each fiscal year is counted as of April 1 of the following fiscal year. Employees in managerial positions refer to those who have subordinates.
- Among the employees who have children born in the relevant fiscal year, the percentage of employees who have taken childcare leave is presented.
- A program for union members to support their spontaneous learning (up to 300,000 yen per year). Since FY2025, the subjects have been expanded to management.
- The minimum figure of the attendance rates for mental health training (self-care and line care) and health-related training conducted annually on a specific theme is presented.
- The calculation conditions have been changed from the FY2023 results.
- The Company continues to position health and productivity management as a key management priority while promoting measures to reduce the smoking rate. The Company is also considering appropriate target levels in light of the impact of business succession on the smoking rate.

3. Business and Other Risks

Risk management system

SHIONOGI takes appropriate management actions to create business opportunities and avoid or mitigate risks. At the same time, it employs the Enterprise Risk Management (ERM) system, which oversees the entire Group's business risks, including risks of crises such as pandemics, natural disasters, terrorism, and cyberattacks, as an important mechanism for management strategy and management foundations.

In operating and managing ERM, both top-down and bottom-up approaches are employed. We classify risks that are inherent in strategic decision making and may inhibit the implementation of strategies as "business strategy-related risks" and risks that may affect the execution of business operations that support management objectives as "business execution-related risks." By clarifying responsibilities and ensuring transparency in the status of countermeasures, we conduct comprehensive risk management.

Business strategy-related risks are discussed every quarter at the Corporate Executive Meeting, where risk lists are updated, risks that need to be addressed are identified, and responsible units are appointed. Each responsible unit works with other units and relevant organizations to formulate and implement risk response plans and reports the progress of the plans to the Corporate Executive Meeting. In addition, for external trends that are changing rapidly and whose full scope and impact on the Company are not yet clear, we continuously gather information and engage in timely discussions to identify emerging risks, thereby enabling us to identify risks that need to be addressed and appoint responsible units.

Business execution-related risks are managed by each organization, which serves as the risk owner and independently formulates and implements plans to achieve its organizational goals. Each unit is responsible for monitoring the status of key risks under its purview and, when necessary, escalating them to the Corporate Executive Meeting as "business strategy-related risks."

The Risk Management Secretariat serves as the secretariat for risk management operations at the Corporate Executive Meeting and is responsible for administrative functions related to agenda setting, including compiling key risks and the status of responses, including those at major subsidiaries in Japan and overseas, and identifying the most important risks among the business strategy-related risks that have particularly significant impact on management. In addition, it researches external trends and environmental changes and provides information to management in a timely manner, thereby enhancing and invigorating risk management discussions.

These business strategy-related risks to be addressed by SHIONOGI and the status of responses thereto are reviewed and monitored by the Corporate Executive Meeting and the Board of Directors twice a year, thereby ensuring the effectiveness of the risk management process.

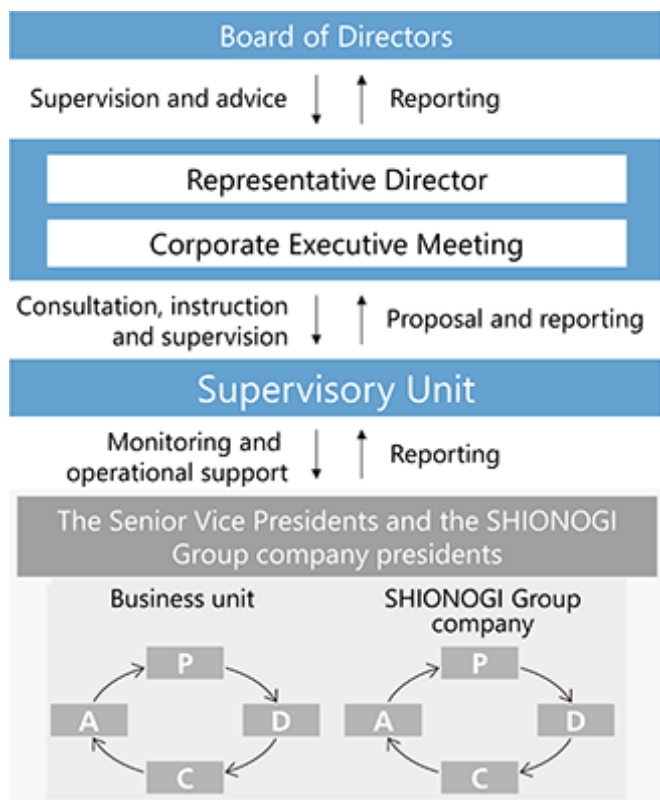
Crisis management/BCP

Regarding crisis management, based on the crisis management rules, etc. and under a comprehensive management system, including a business continuity plan, we promote management that focuses on respect for human life, consideration for local communities and contributions, and control of corporate value damage. In the event of a crisis, we will deal with it and overcome it promptly.

In addition, in order to enhance the effectiveness of risk management, we also focus on the development and operation of a system to ensure proper business operations, based on the Basic Policy for the Construction and Operation of the Internal Control System.

These activities are regularly reported to the Corporate Executive Meeting and the Board of Directors to receive advice for improvement from Directors. We have thus established a system to supervise risk management activities.

Matters and risks discussed here that are not historical fact reflect judgments made as of the end of the fiscal year ended March 31, 2026.



1. Business strategy-related risks

(1) Global growth centered on the infectious disease, QOL disease, and rare disease areas

<Overview>

The infectious disease area addresses serious diseases that threaten people's lives and is of extremely high social significance. At the same time, it is characterized by relatively low market predictability, as revenue is susceptible to fluctuations depending on the prevalence of infectious diseases, public health policies, and requirements for appropriate use.

Based on these characteristics, SHIONOGI has set "Protect people from the threat of infectious diseases" as one of its material issues and is committed to the continuous growth of the infectious disease area as a core global business. At the same time, against the backdrop of an increasingly super-aged society and changing lifestyles, we recognize the growing need to extend healthy life expectancy and improve quality of life (QOL) as a critical social issue, and we have therefore set "Contribute to a healthy and prosperous life" as one of our material issues. To achieve these material issues, we are accelerating our global business expansion.

In the infectious disease area, including antimicrobial resistance (AMR), HIV, and acute respiratory infections, the QOL disease area, including depression, sleep disorders, and hearing loss, and the rare disease area, including fragile X syndrome, Pompe disease, and amyotrophic lateral sclerosis, SHIONOGI is working to create healthcare solutions that comprehensively support disease prevention, diagnosis, treatment, and post-treatment management, with pharmaceuticals as the starting point, thereby aiming to build a more stable and sustainable revenue base that is less susceptible to infectious disease outbreaks.

SHIONOGI has so far launched many products overseas mainly through partnerships with partner companies, in which it has received a part of the product sales as royalties. By making an additional investment in ViiV Healthcare and continuing to maintain good relationships with these partners, particularly in the HIV business, SHIONOGI is strengthening its global business development in the infectious disease area through business activities involving the development, regulatory submissions and approvals, marketing, and sales of SHIONOGI products in Europe, the U.S., and Asia, as well as activities to improve access to medical services in low- and middle-income countries.

In addition to these activities, through the acquisitions of Torii Pharmaceutical and the JT Pharmaceutical Business, as well as the acquisition of the edaravone business for the treatment of amyotrophic lateral sclerosis (ALS) from Tanabe Pharma, SHIONOGI is expanding its product portfolio, strengthening its R&D and sales capabilities, and building the business foundation for further global expansion, particularly in Europe and the U.S.

However, if the growth strategies for these priority disease areas do not progress as originally planned, the expected future revenue growth may not be realized, which could have a significant impact on our performance.

<Major recognized risks>

- Risk of declining sales in the HIV, AMR, and other areas within the infectious disease area due to changes in the competitive environment and market structure, resulting in reduced growth potential
- Risk of delays or failures in the research and development of vaccines and new treatment drugs, resulting in delays to planned product launches in both the infectious disease and QOL disease areas
- Risk of failure to realize the expected growth of the edaravone business due to changes in drug prices and the market conditions resulting from the implementation of pharmaceutical policies in the U.S.
- Risk of post-merger integration (PMI) not proceeding as planned or of failing to realize the expected business value and synergies for M&A activities conducted in the QOL disease area
- Risk that the development and commercialization of the HaaS (Healthcare as a Service) solutions may not proceed as planned, resulting in sales synergies in the infectious disease and QOL disease areas not being fully realized
- Risk of missing sales opportunities in the infectious disease and QOL disease areas due to failure to establish sales infrastructure and secure personnel as planned in overseas markets, including the U.S.

<Major responses and initiatives>

- Steady implementation of PMI following the acquisitions of Torii Pharmaceutical, the JT Pharmaceutical Business, and the edaravone business, and maximization of business value in both the infectious disease and QOL disease areas
- Strengthening the ongoing commitment to the HIV area through an additional investment in ViiV Healthcare
- Negotiations with governments and regulatory authorities of various countries on stockpiling and expansion of the subscription-type reimbursement model
- Prioritized allocation of resources to the development of vaccines and new treatment drugs in the infectious disease and QOL disease areas
- Creating synergies by revising disease strategies across multiple disease areas
- Strengthening internal and external collaboration for the development and expansion of HaaS solutions
- Implementation of global development and application for approval, primarily in Europe and the U.S., and improvement of overseas production, distribution, and sales systems
- Expanding sales of our main products in the Japanese market

(2) Expanding pipelines

<Overview>

SHIONOGI has identified “Protect people from the threat of infectious diseases” and “Contribute to a healthy and prosperous life” as its material issues. To achieve both the resolution of these two social issues and sustainable growth, we are working to expand and enhance the quality of our research and development pipeline.

In the infectious disease area, we have established the Shionogi Qpex lab. in the U.S. to strengthen our research capabilities, with a focus on treatment drugs for bacterial infections. At the same time, through collaborations with academia, startup companies, and U.S. government agencies, we are actively leveraging external expertise to accelerate drug discovery and improve its success rate. Through these efforts, we are working to strengthen our medium- to long-term research and development capabilities in the infectious disease area, including AMR.

On the other hand, while we are seeing a clear path to business growth through M&A and in- and out-licensing activities carried out in recent years, we recognize the importance of maximizing synergies of existing research assets and talent, reviewing our pipelines and drug discovery programs from a holistic perspective, and evolving them into a robust and sustainable portfolio.

In particular, strengthening our capabilities in the QOL disease and rare disease areas, maintaining and enhancing our competitive advantage in the HIV area, and strengthening our pipelines across the entire infectious disease area are the key priorities.

In this environment with high uncertainty, in order to raise the success rate of drug discovery and build attractive pipelines that satisfy medical needs, in addition to the research and development technologies SHIONOGI has cultivated for infectious diseases and small molecule drugs, it is crucial to acquire new modalities, shift from a conventional business model relying heavily on revenue from pharmaceutical patents, and challenge ourselves to strengthen vaccines and sublingual immunotherapy and provide new healthcare services. Furthermore, as a foundation supporting these efforts, the continuous development of specialized talent and the accumulation of cross-disciplinary knowledge are essential. Accordingly, we are also working to strengthen our drug discovery and development capabilities through personnel rotation and other initiatives.

We believe it is necessary to mitigate revenue fluctuations resulting from patent expiration by balancing the prescription drug business and other businesses. However, if these efforts do not progress sufficiently, or if the development of the talent needed to support them does not proceed as planned, our medium- to long-term growth potential may decline and it may become difficult to establish a competitive advantage in the future, which could have a significant impact on our business performance.

<Major recognized risks>

- Risk of failing to strategically integrate the pipelines in areas such as rare diseases and HIV, thereby failing to establish our unique medium- to long-term strengths and competitive advantages
- Risk that external collaborations and efforts to strengthen research capabilities may not yield the expected results, resulting in a failure to accelerate research and development and improve its success rate
- Risk of specialized research and development talent becoming concentrated in specific areas, resulting in insufficient development of the next generation of talent and stagnation in pipeline evolution and the creation of new value
- Risk of failing to expand a competitive pipeline due to the obsolescence of existing technologies

<Major responses and initiatives>

- Review of strategies to optimize the overall pipeline and drug discovery programs in light of M&A and partnership deals
- Ongoing investment in research and development to maintain a competitive advantage in the HIV area
- Clarification of priority themes in the QOL disease area and optimization of R&D resource allocation through portfolio restructuring
- Strengthening the infectious disease research framework, including Shionogi Qpex lab., and promoting collaboration with academia, startup companies, and government agencies
- Development of talent with both specialized expertise and a cross-disciplinary perspective through personnel rotation across multiple research and development areas, including the vaccine business
- Venturing into new modalities and technologies

(3) Human capital management

<Overview>

In order for SHIONOGI to transform its business model and achieve the growth targeted by the STS2030 Revision, each and every employee should constitute the “source of competitiveness” that leads the transformation, and SHIONOGI should be a group composed of such diverse human resources with strengths.

In recent years, as the organization has expanded through M&A and business partnerships, the SHIONOGI Group has welcomed an increasingly diverse range of talent with different values, experiences, and expertise. Integrating this talent and enabling the organization to function as a cohesive whole has become an important management priority. In particular, as SHIONOGI continues to grow, it is becoming increasingly important to create an environment in which employees of Shionogi Pharma, which is scheduled for reintegration, as well as those joining the Group through Torii Pharmaceutical, the JT Pharmaceutical Business, and Tanabe Pharma, can perform to the best of their abilities with confidence while fostering a sense of unity as the SHIONOGI family and cultivating a new corporate culture.

Furthermore, as we pursue business growth, it is essential to venture into areas beyond our previous experience and acquire new capabilities. This requires us to be an organization in which every employee embraces change positively and continues to take on challenges autonomously. Therefore, in addition to developing capabilities tailored to employees’ expertise and roles, we are also promoting flexible talent deployment and fostering a culture that encourages employees to take on challenges.

Furthermore, recognizing that maintaining and improving employees’ physical and mental health, as well as ensuring the safety of workers at research and manufacturing sites, are fundamental to all these initiatives, we continue to promote the development of a work environment in which employees can work with peace of mind.

However, if human capital management initiatives do not function effectively and the integration and development of talent, as well as the establishment of a culture that encourages employees to take on challenges, do not progress, the ability to execute our business strategy may decline, thereby undermining our future growth potential and competitive advantage.

<Major recognized risks>

- Risk of a decline in employee engagement and a loss of organizational cohesion as organizational structures and culture change due to M&A and other initiatives
- Risk that the expertise and strengths of diverse talent may not be fully leveraged, leading to a decline in both individual and organizational performance
- Risk of delays in business growth or medium- to long-term business stagnation due to a failure to systematically develop core talent who will lead SHIONOGI in the future
- Risk of losing talented employees due to a lack of opportunities for growth or new challenges
- Risk of establishing a corporate culture in which employees avoid taking on challenges for fear of failure, leading to a loss of adaptability to change

<Major responses and initiatives>

- Implementation of ongoing engagement surveys and promotion of improvement measures based on the results
- Revitalization of internal communication and promotion of initiatives to foster mutual understanding with a focus on talent integration following M&A
- Promotion of talent deployment and development measures aimed at deepening expertise while providing cross-disciplinary experience
- Implementation of human resources systems, performance evaluation systems, and award programs that recognize employees' willingness to take on challenges and promote learning from them
- Continuous strengthening of EHS Management to maintain and promote employee health and ensure worker safety

(4) Realizing reform by DX

<Overview>

Seeing recent technological innovations and the dynamic changes in the environment surrounding them as an opportunity, SHIONOGI declares in the STS2030 Revision its commitment to digital transformation through various activities as a big theme to accelerate decision making and realize new value creation based on data. As conventional business models are required to be transformed, it is essential to improve productivity using AI and IT. If the efforts to achieve this become stalled, it may have a significant impact not only on the performance of SHIONOGI but also on the improvement of its corporate value.

<Major recognized risks>

- Risk that the use of AI and IT may be limited to improving the efficiency of individual operations, rather than driving transformation of the entire business process or more sophisticated decision-making
- Risk of stalled transformation due to a failure to sufficiently develop and secure talent and digital capabilities needed to drive DX
- Risk that delays in establishing a globally integrated IT infrastructure and data utilization base may prevent collaboration and synergies across businesses and regions
- Risk of failing to transform business processes into more competitive ones due to reliance on existing operations and traditional ways of working

<Major responses and initiatives>

- Building global IT infrastructure
- Business model/operation reform through practicing AI drug discovery, market inventory prediction using AI, etc.
- Developing a medical device program (SaMD) for diagnosis and treatment of diseases, and disease detection algorithms
- Establishing a data utilization base that will improve work efficiency and realize new value creation
- Implementing measures to develop digital core human resources

(5) Responding to geopolitical and geoeconomic uncertainties

<Overview>

To achieve STS2030 Revision, SHIONOGI is accelerating its globalization efforts, with its business activities becoming increasingly global and complex through the advancement of global development, expansion into additional countries and regions, and the execution of in-licensing and out-licensing.

At the same time, uncertainties surrounding business activities are increasing against the backdrop of changing global political and social conditions, including political instability and deteriorating economic conditions in various countries, social unrest, the outbreak and prolongation of regional conflicts, rising geopolitical tensions among countries and regions, tighter regulations on investment and imports and exports, changes in tariffs and trade policies, and stricter regulations on various transactions.

SHIONOGI recognizes these growing geopolitical and geoeconomic uncertainties as significant business risk factors. By closely monitoring social conditions and policy developments, assessing their impact on our business, and promptly implementing appropriate measures, we strive to ensure the continuity of our global business operations and maintain stable access to medicines for patients.

However, if unforeseen circumstances beyond our expectations arise, they could affect our business activities, including research and development, manufacturing, logistics, and sales, and have a significant impact on our performance.

<Major recognized risks>

- Risk that the continuation or expansion of our business activities may be constrained by rapid changes in political and economic conditions, social unrest, or the outbreak or escalation of conflicts in countries and regions around the world
- Risk that tighter investment restrictions, economic sanctions, and other trade regulations resulting from heightened geopolitical and geoeconomic tensions may delay or hinder the implementation of business strategies, including in-licensing, out-licensing, and partnerships, or result in increased costs or supply constraints
- Risk that disruptions to logistics and supply chains may hinder the stable supply of pharmaceuticals and patients' access to them

<Major responses and initiatives>

- Continuous monitoring of political, economic, and social conditions and geopolitical trends in countries and regions around the world, and assessment of their impact on our business
- Flexible review of business and investment plans in light of geopolitical risks, and maintenance and enhancement of a rapid decision-making framework when risks materialize
- Ensuring a stable supply of pharmaceuticals and patients' access to medicines through strengthening the resilience of global business operations across research and development, manufacturing, logistics, and sales

2. Business execution-related risks

(1) Quality and product safety

<Overview>

SHIONOGI manufactures products and outsources manufacturing under strict quality control in compliance with Good Manufacturing Practice (GMP) and the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) guidelines and other pharmaceutical-related laws and regulations. It has also been inspected by competent agencies, such as the Ministry of Health, Labour and Welfare in Japan, the Food and Drug Administration (FDA) in the United States, and the European Medicines Agency (EMA), to obtain approval for production and sales. After a product is launched, efforts are made to gather safety information and take necessary measures for ensuring safety and proper use of pharmaceuticals. Since there are some areas of products and services for which global review standards have not yet been established, we strive to ensure the safety of the products and services themselves through individual discussions with competent authorities. It is also important that products and services, including pharmaceuticals, are used appropriately. We therefore provide information to our customers and work to raise their awareness about the relevant diseases. In the event of quality issues, such as quality defects or nonconforming lots, unforeseen adverse drug reactions (ADRs) or problems involving pharmaceuticals or product services, failure or delays in reporting ADRs, delays in responding to problems, or errors in the information provided by the Company, the following risks may arise.

- Quality defect due to a discrepancy between approval documents and actual manufacturing conditions, shipment suspension, product recall, or suspension of business due to administrative action
- A product recall due to lack of data integrity or a significant indication in an inspection by a competent agency
- Suspension of sales or product recall
- Lawsuits filed for compensation for health damage
- Impact on business performance and reputation

<Major responses and initiatives>

- Establishment and promotion of the SHIONOGI Group Quality Policy
- Promoting activities to foster a “quality culture”
- Management and supervision activities through audits of manufacturing facilities, etc.
- Establishing and strengthening systems to properly gather, analyze, evaluate, and report on safety-related information, such as side effects and other problems
- Implementing quality and product safety training for all employees and management

(2) Global supply chain management

<Overview>

SHIONOGI is committed to fulfilling its social responsibility through the stable supply of pharmaceuticals and is working to strengthen the resilience of its global supply chain to ensure the stable execution of its business activities.

Due to natural disasters such as major earthquakes, storms, and floods, pandemics, the enactment of the Biosecure Act in the United States, and rising geopolitical tensions, the supply chain environment surrounding raw materials and products is becoming increasingly uncertain. Furthermore, against the backdrop of growing social demands regarding human rights and the environment, consideration for sustainability throughout the entire supply chain, including suppliers, is becoming increasingly important.

In light of these environmental changes, SHIONOGI is working to mitigate the risk of supply disruptions by ensuring a stable supply of raw materials, selecting alternative suppliers, and maintaining appropriate inventory levels. At the same time, as excessive inventory buildup and a sharp rise in procurement costs may affect our business revenue and capital efficiency, we recognize that balancing a stable supply with cost control is a crucial management issue.

SHIONOGI promotes global supply chain management that balances environmental and human rights considerations with business sustainability by comprehensively assessing risks across the supply chain and implementing measures that take into account both business and societal impacts.

However, if these initiatives do not function effectively and we fail to adapt to rapid changes in the external environment, the following risks may arise.

- Suspension of plant operation
- Difficulty in procuring raw materials and products
- Disruption of wholesale distribution network and stagnation of information
- Significant impact on stable supply of pharmaceuticals - Decline in profitability and capital efficiency due to excess inventory and increased costs
- Damage to social standing and reputation

<Major responses and initiatives>

- Promotion of the optimization of inventory levels
- Establishment of a system for the manufacture of active ingredients contained in some products in Japan
- Diversifying raw material procurement sources to ensure a stable supply of products (selecting second vendors for raw materials with high geopolitical risk)
- Establishing and periodically reviewing BCP items to be supplied on a priority basis
- Conducting due diligence and audits on suppliers and requesting improvements

(3) IT security and information management

<Overview>

SHIONOGI is committed to its social responsibility to support people's lives and health through the research and development, manufacturing, and supply of pharmaceuticals, as well as the appropriate provision of pharmaceutical information. To ensure the stable and continuous execution of business activities, it is essential to properly manage confidential information, including personal information, and ensure the safe and stable operation of IT systems. As SHIONOGI conducts business globally, we utilize a wide range of IT systems and digital infrastructure, including those of our outsourcing partners. However, in recent years, cyberattacks targeting Japanese companies have become increasingly frequent and sophisticated, and attacks aimed at disrupting critical systems and compromising sensitive information have become increasingly prevalent in the healthcare and pharmaceutical industries.

Pharmaceuticals are an essential infrastructure for society, and if the supply of products or the provision or collection of pharmaceutical or personal information stops, it may have a serious impact on patients and medical professionals. Therefore, we recognize that cybersecurity threats are not merely IT risks, but risks that directly affect business continuity and social trust. Based on this understanding of these risks, we are continuously working across the entire Group to establish and operate a robust and reliable IT security framework while strengthening information management and internal controls.

However, if these initiatives do not function effectively, and negligent or intentional acts by employees or outsourcing partners, or cyberattacks or unauthorized access by malicious third parties, occur, the following risks may arise.

- Difficulty in continuing business due to suspension of a critical or important system
- Leakage of or damage to confidential information, including personal information
- Emergence of legal and social liabilities, such as claims for damages and administrative responses, and increased costs associated with post-incident measures
- Decline in social trust and reputation due to impact on the supply of pharmaceuticals or provision of information
- Adverse impact on business performance resulting from the above

<Major responses and initiatives>

- Conducting education and awareness-raising to ensure that all employees of the Group are aware of the importance of information management and personal information and the need to comply with laws and regulations regarding the protection of personal information, as well as education and awareness-raising on the SHIONOGI Group Global Privacy Policy
- Continuous strengthening of the information security management system, including security and internal fraud prevention
- Enhancing the IT-BCP system to be prepared for a cyberattack, a large-scale disaster, or any other crisis
- Improving IT infrastructure, strengthening information security infrastructure, and improving the infrastructure's operational processes
- Enhancing the Group-wide network structure based on a global security assessment conducted for the entire Group

(4) Compliance

<Overview>

SHIONOGI regards compliance as the foundation that supports the survival and sustainable growth of the company and places it at the core of all its business activities. Furthermore, SHIONOGI recognizes that compliance not only refers to the observance of laws, rules, and regulations but also includes compliance with social norms and ethical behavior as a company and as members of society, and it promotes adherence to these principles throughout the Group. In recent years, with the globalization of business, the expansion of business areas, and the increasing complexity of organizational structures, coupled with growing scrutiny of corporate behavior by society and stakeholders, the environment is expected to become one in which compliance issues are more likely to arise.

In this environment, we recognize violations of laws and regulations, deviations from social norms, and unethical conduct or behavior in the course of business activities as significant management risks, as they may not only damage our social reputation and the trust of our stakeholders but also have a serious impact on the continuity of our business and our corporate value.

Specifically, we identify potential compliance risks throughout the entire business process, establish a framework that enables each organization to proactively address them, and continuously work to foster a sound and transparent corporate culture.

However, if any compliance issues arise due to changes in the internal or external environment, or delays in the early identification of signs of misconduct or other improper conduct, the following risks may arise.

- Decline in reputation
- Loss of trust from stakeholders
- Worsened business results and financial condition

<Major responses and initiatives>

- Establishment, promotion, and dissemination of the SHIONOGI Group Code of Conduct
- Enhancing compliance awareness of all Group employees through Global Compliance & Quality Week
- Operation of the compliance promotion system according to the structure of organizations
- Meetings of the Compliance Committee chaired by the Representative Director, President and CEO (four times a year)
- Reporting to the Board of Directors on the status of the Compliance Committee activities (twice a year)
- Conducting compliance awareness surveys among all employees, and providing feedback on analysis results for each organization
- Providing training to all employees globally on the checklist of five items for employees to stop and reassess their actions when they are unsure of what to do
- Conducting rank-based training for Corporate Officers, Senior Vice Presidents and SHIONOGI Group company presidents, organization heads, etc.

(5) Environment and safety

<Overview>

SHIONOGI recognizes that, in the course of its global business activities, including the research, development, manufacturing, and supply of pharmaceuticals, its use of facilities and equipment, as well as its consumption of raw materials and energy, may affect the environment and ecosystems. Furthermore, the progression of climate change and the increasing severity of natural disasters in recent years have created risk factors that may directly affect business activities. Appropriately addressing these environmental challenges is a crucial prerequisite for maintaining stable business operations. In addition, we recognize that environmental considerations are also important from the perspectives of procurement and business transactions, as negative environmental impacts may arise throughout the entire value chain, including raw material procurement and business partners. We recognize environmental risks as significant management risks, as environmental incidents and regulatory violations within our value chain, including those involving our own operations, as well as delays in implementing measures to reduce environmental impact, could affect the SHIONOGI Group's business performance and corporate value through operational disruptions, additional response costs, expanded legal liability, and a decline in social reputation. Against this backdrop, under our EHS governance framework, we have established the "SHIONOGI Group EHS Action Targets" as our medium- to long-term targets and are promoting activities to reduce environmental impact across the entire value chain, with a focus on "climate change," "resource conservation and circulation," "water," and "AMR." In addition, we have established the "SHIONOGI Group Procurement Policy" and "SHIONOGI Group Business Partner Code of Conduct," and we are continuously working to reduce environmental risks through collaborative engagement with our suppliers.

However, if we fail to adequately address environmental incidents, disputes with stakeholders, stricter regulations, or changes in social expectations, the following risks may arise.

- Suspension of operation of facilities or equipment due to serious environmental incidents, human rights violations, legal violations, etc.
- Incurrence or increase of countermeasures or recovery/repair costs
- Lawsuits filed for compensation, or payment of compensation costs
- Decline in profitability due to regulatory compliance and increased additional costs
- Negative impact on corporate value resulting from a decline in social standing and reputation

<Major responses and initiatives>

- Establishment and implementation of the SHIONOGI Group policies to enhance environmental and human rights governance
- Establishment of a Group-wide environment, health and safety (EHS) management system
- Promotion of Medium-Term Action Plan regarding environmental materiality and EHS
- Strengthening the operation of ISO 14001 and ISO 45001 and the EHS management system in accordance with these standards at each operating site
- Ensuring compliance with relevant laws and regulations and promoting environmental initiatives by formulating stricter voluntary management standards and targets
- Conducting environmental risk assessments of business partners and requesting improvements through engagement and audits

(6) Human rights

<Overview>

The source of SHIONOGI's value creation is the people who work for the SHIONOGI Group. We believe that creating an environment where diverse personalities and values are respected and where people can mutually inspire and challenge one another leads to innovation and sustainable growth. Based on this understanding, addressing human rights issues, such as establishing fair labor practices, promoting equal opportunities, and creating a safe and fair workplace environment, will help secure the human resources needed to support corporate growth.

In addition, as we conduct our business activities, including the research, development, manufacturing, and supply of pharmaceuticals, on a global scale, there is a possibility that human rights may be affected throughout the entire value chain, including our business partners and local communities. We recognize that effectively managing these impacts is essential for business continuity and growth.

With the globalization of business and the increasing complexity of supply chains in recent years, the impact of a human rights incident may become more widespread. In addition, as our business areas expand through various business investments, the likelihood of new human rights risks emerging is also increasing. With respect to employees, incidents such as harassment, discrimination, excessive working hours, and inadequate attention to workplace safety may lead to reduced employee engagement and the loss of talent, thereby posing a risk to business operations and growth. Therefore, SHIONOGI recognizes the increasing importance of respect for human rights throughout the entire value chain, including among employees, business partners, and contractors.

Specifically, there is a growing need to address a wide range of human rights issues, including the elimination of forced labor and child labor, the prevention of discrimination, fair treatment that respects diversity, the provision of a safe and healthy working environment, and consideration for local communities. Failure to adequately address these issues may adversely affect business continuity and corporate value through violations of laws and regulations and a decline in public trust.

Based on this recognition, we have established the "SHIONOGI Group Human Rights Policy" to promote respect for the human rights of all people who may be affected by our business activities. We have also established the "SHIONOGI Group Procurement Policy" and the "SHIONOGI Group Business Partner Code of Conduct" and are working to reduce the risk of human rights violations through ongoing engagement with our business partners.

However, if we fail to adequately address incidents involving human rights violations, resulting disputes with stakeholders, stricter regulations, or changes in social expectations, the following risks may arise.

- Restrictions or suspension of operations due to human rights violations, legal violations, etc.
- Emergence of legal risks, such as the filing of lawsuits seeking damages
- Reduced business opportunities due to requests for corrective action from customers and business partners, less favorable trading conditions, and exclusion from supplier selection
- Decline in employee engagement, loss of talent, and difficulty in securing talent resulting from violations of fair labor practices
- Decline in innovation capacity and medium- to long-term competitiveness due to hindered talent development and employees being prevented from realizing their full potential
- Negative impact on corporate value resulting from a decline in social standing and reputation

<Major responses and initiatives>

- Establishment and implementation of the SHIONOGI Group Human Rights Policy to enhance human rights governance
- Establishment of fair and appropriate evaluation and compensation systems
- Implementation of a human resources system based on the principle of equal pay for equal work
- Provision of a living wage that exceeds the minimum wage set in each region
- Support for an environment that enables diverse work styles, such as flexible work hours and telecommuting
- Creation of a safe and healthy work environment
- Implementation of human rights risk assessments across the entire value chain, including suppliers
- Regular engagement with suppliers, audits, and requests for improvement

(7) Partnerships with other companies

<Overview>

SHIONOGI regards partnerships with other companies as one of its key management strategies for maximizing business value.

In the field of infectious diseases, including HIV and AMR, SHIONOGI drives value creation that would be difficult to achieve on its own across research and development, manufacturing, sales, and efforts to expand access through collaboration with pharmaceutical companies, biotech ventures, national governments, and international organizations. Furthermore, in the QOL disease area, with acquisition of the edaravone business and advances in our rare disease pipeline, SHIONOGI is strengthening its R&D capabilities and business development capabilities through collaboration with external partners with expertise and technological capabilities.

In recent years, with the expansion of business areas and increased M&A activity, the types of partners and the nature of our relationships with them have become even more diverse. In addition to joint research and licensing agreements, the forms of collaboration, including business partnerships, alliances, and collaborations with governments and public institutions, have also become more complex. We recognize that effectively managing these partnerships and maximizing value by leveraging their respective strengths are essential to achieving global growth in both the infectious disease and QOL disease areas.

However, the following risks may arise due to misunderstanding regarding the division of roles and responsibilities with partners, inadequate information management, and changes in collaborative relationships.

- Decline in business results and synergies
- Leakage of SHIONOGI's technologies, know-how, and confidential information to external parties
- Lawsuits due to unintended, unauthorized use of technologies of other companies or infringement of intellectual property by SHIONOGI
- Decline in the brand image, reputation, or trust from investors due to leakage of confidential information by other companies

<Major responses and initiatives>

- Clarification of strategies and division of roles, and maintenance and strengthening of trust through communication with partners
- Clarification of conditions regarding intellectual property rights, information management, and damages in non-disclosure agreements, licensing agreements, etc.
- Conducting due diligence for in-licensing, out-licensing, M&A, and alliances, including intellectual property, legal, and financial aspects
- Strengthening data and information management systems through minimizing information and access control
- Conducting periodic evaluations and audits of partner companies' governance, financial status, compliance systems, etc.
- Establishing a monitoring system across all partnerships to enable the early identification of issues and risks

(8) Intellectual property

<Overview>

SHIONOGI's products and R&D outcomes are protected by intellectual property rights (e.g., patents) and intangible assets such as technology and know-how, thereby ensuring SHIONOGI's competitive advantage and contributing to future revenue generation.

With the acquisitions of Torii Pharmaceutical, the JT Pharmaceutical Business, and the edaravone business, SHIONOGI's business areas and R&D approaches have been increasingly diverse. This may make it more difficult to adequately protect our intellectual property in the future and may also increase the likelihood of infringing the intellectual property rights of third parties. Furthermore, in recent years, intellectual property rights and contractual arrangements have become increasingly complex as open innovation has advanced through business acquisitions, joint research, and licensing transactions and competition in the global market has intensified. Consequently, the risk of disputes and litigation over the ownership and validity of intellectual property rights is increasing, and the likelihood of unexpected intellectual property infringements is also increasing. Based on this recognition, we position intellectual property as a form of technological capital that supports medium- to long-term value creation and are working to ensure its proper protection and utilization while reducing the risk of infringement.

However, if the intellectual property rights SHIONOGI owns are infringed by a third party, or SHIONOGI's products infringe the intellectual property rights of a third party, the possible risks are as follows.

- Decline in competitive advantage and a decrease in expected revenue resulting from loss of intellectual property protection
- Occurrence of disputes and litigation regarding intellectual property rights, and increased costs associated with responding to them
- Payment of damages
- Injunction against manufacture and sale of the product, or restrictions on business activities
- Decline in the corporate brand or reputation resulting from the above

<Major responses and initiatives>

- Proper acquisition of intellectual property rights and establishment of a management system, and continuous surveillance on infringement of rights by third parties
- Conducting infringement prevention surveys in business activities
- Putting in place a system to prevent infringement by carrying out IP due diligence in in-licensing and out-licensing and alliance activities
- Enhancing business and R&D strategies through the analysis and utilization of intellectual property information using IP landscapes
- Continuously conducting employee training on intellectual property and intangible assets through e-learning, etc.

(9) Systems and governments

<Overview>

The Pharmaceuticals Business is subject to a range of regulations due to various government policies in each country and region. In addition to tighter health insurance finances, the U.S. Inflation Reduction Act (IRA), the most favored nation policy (MFN), and other laws may further increase the pressure to curb drug cost increases, especially in developed countries. We also need to pay close attention to the impact of the changes in government in the U.S. and other countries around the world on their policies and international relations. In Japan, government policy trends, such as the health insurance system reforms in anticipation of an increase in healthcare expenses due to the further aging of the population and the annual NHI price revisions, may affect SHIONOGI's performance. In addition, changes in regulations in Japan and overseas related to the development and manufacture of pharmaceuticals, as well as legislation requiring the disclosure of information related to business activities and social responsibility, may result in additional costs or the need for new measures. If any of such events emerges, the possible risks are as follows.

- Decline in the predictability of the prescription drug business
- Determination of drug prices deviating from the created innovation value
- Delay in research and development, or supply instability of drugs, vaccines, etc.
- Decrease in sales and profits of drugs, vaccines, etc.
- Decline in reputation or investor confidence

<Major responses and initiatives>

- Creating innovative pharmaceuticals and healthcare services and providing them at prices acceptable to society
- Building evidence that demonstrates the value of its innovations
- Promoting efforts to appeal to the value of innovations through the activities of industry associations
- Obtaining the latest information on the NHI drug price system and various regulations on the research and development, manufacture, and sale of pharmaceuticals, etc., and promptly responding to them
- Promoting initiatives to ensure accountability and strengthening information disclosure

Beyond the above significant risks, there are various other risks that may affect SHIONOGI's business performance and financial condition, such as those related to litigation, pandemics and natural disasters, and financial markets and foreign exchange trends. Those listed here do not represent all the risks for SHIONOGI.

4. Analysis of Financial Position, Operating Results, and Cash Flows by Management

The following is a summary of the SHIONOGI Group's (the Company and its consolidated subsidiaries) awareness, analysis, and discussion on its operating results, etc. from the management's perspective.

In addition, SHIONOGI has a single business segment, consisting of the research & development, purchase, manufacture, and sale of prescription drugs and related businesses.

Matters discussed here that are not historical fact reflect the judgment of SHIONOGI as of the end of the fiscal year under review.

(1) Awareness, analysis, and discussion on operating results, etc. for the fiscal year under review

i. Operating Results, etc.

a. Financial Position

As of March 31, 2026, total assets were 2,576,870 million yen, an increase of 1,041,521 million yen from the end of the previous fiscal year.

Non-current assets increased, primarily due to an increase in investments accounted for using the equity method, following an additional investment in ViiV, which resulted in the company becoming an equity-method affiliate. Furthermore, due to increases in property, plant and equipment, goodwill, and intangible assets following the consolidation of Torii Pharmaceutical as a subsidiary and the absorption-type split of the JT pharmaceutical business, non-current assets totaled 1,266,535 million yen, an increase of 589,690 million yen from the end of the previous fiscal year. Please note that the amounts of goodwill, intangible assets, etc. are provisionally calculated amounts as allocation of the acquisition cost has not yet been completed. Current assets were 1,310,335 million yen, an increase of 451,831 million yen from the end of the previous fiscal year, due to increases in cash and cash equivalents resulting from borrowings associated with large investments, fixed-term deposits of more than three months (included in other financial assets under current assets), and trade receivables.

Equity totaled 1,686,205 million yen, an increase of 323,708 million yen from the end of the previous fiscal year, due to recording of profits and other factors despite a decrease due to dividend payments and other components of equity.

Liabilities totaled 890,665 million yen, an increase of 717,813 million yen from the end of the previous fiscal year.

Non-current liabilities were 63,235 million yen, an increase of 19,775 million yen from the end of the previous fiscal year, mainly due to an increase in deferred tax liabilities. Current liabilities were 827,430 million yen, an increase of 698,037 million yen from the end of the previous fiscal year, mainly due to an increase in borrowings associated with large investments.

b. Operating Results

For the year ended March 31, 2026 (April 1, 2025 to March 31, 2026), operating results were as follows.

	Year ended March 31, 2026	Year ended March 31, 2025	Change	Percentage change (%)
Revenue	499,677	438,268	61,409	14.0
Operating profit	166,725	156,603	10,121	6.5
Core operating profit *1	160,752	158,362	2,389	1.5
Profit before tax	238,916	200,750	38,165	19.0
Profit attributable to owners of parent	205,159	170,435	34,723	20.4
EBITDA *2	187,720	179,296	8,424	4.7

Notes:

1. Core operating profit: An adjusted profit in which non-recurring items (impairment losses; gain on sale of property, plant, and equipment, etc.) are deducted from operating profit
2. Earnings Before Interest, Taxes, Depreciation, and Amortization: Core operating profit added depreciation and amortization

Revenue was 499.7 billion yen (up 14.0 percent year on year). In addition to the steady growth of overseas business and royalty income, our domestic business expanded significantly following the acquisition of Torii Pharmaceutical Co., Ltd. as a consolidated subsidiary through M&A of the Japan Tobacco Inc. (hereinafter, "JT") Group's pharmaceutical business (JT pharmaceutical business, domestic group company Torii Pharmaceutical Co., Ltd., and U.S. group company Akros), and the recording of its revenue. As a result, each business made steady progress, and revenue for the fiscal year ended March 31, 2026 exceeded that of the previous fiscal year, marking a record high for the fourth consecutive year.

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

In the fiscal year ended March 31, 2026, we achieved record-high results in revenue and for all profit items, while making significant business investments aimed at strengthening our management and business foundations to realize our 2030 Vision.

- Domestic sales of prescription drugs

Domestic sales of prescription drugs increased 25.0 percent year on year to 123.5 billion yen. Since Torii Pharmaceutical became a consolidated subsidiary on September 1, 2025, its sales for seven months have been recorded. In addition, by co-promoting key products of Shionogi & Co., Ltd. and Torii Pharmaceutical, we were able to leverage each company's strengths to provide information to medical institutions in a mutually complementary manner, thereby achieving an increase in revenue.

By product category, revenue from acute respiratory infection drugs was 33.8 billion yen, a 34.8 percent decrease year on year. Sales of the anti-coronavirus drug Xocova decreased due to the low prevalence of COVID-19 compared to the previous fiscal year. On the other hand, sales of the anti-influenza virus drug Xofluza increased in line with the spread of influenza during the winter. Although both drugs maintained a high market share in their respective treatment drug markets and generated a certain level of revenue, overall revenue in the acute respiratory infections field fell short of the level of the previous fiscal year. In the QOL disease field, prescriptions of QUVIVIQ, an insomnia treatment, have increased as one year has passed since its launch and the 14-day prescription restriction has been lifted. As a result, revenue increased 224.1 percent to 2.6 billion yen, significantly exceeding that of the previous fiscal year. Furthermore, in March 2026, sales commenced for ZURZUVAE, a treatment drug for depression with a novel mechanism of action.

- Overseas subsidiary sales and exports

Revenue from overseas business increased 9.9 percent to 65.0 billion yen from the previous year. Due to strong sales of Cefiderocol (product name in U.S.: Fetroja, product name in Europe: Feteroja), revenues from businesses in the U.S. and Europe were 28.7 billion yen, a 22.9 percent increase, and 20.8 billion yen, a 23.4 percent increase, respectively. Revenue from our China business was 6.2 billion yen, a 28.3 percent decrease. This is mainly due to a decline in sales of generic drugs resulting from healthcare cost-containment policies. Meanwhile, we made steady progress in transitioning to a new drug business. We obtained approval for Cefiderocol in January 2026 for the treatment of complicated urinary tract infections caused by Gram-negative bacteria, and our new drug application for Naldemedine, a treatment for opioid-induced constipation, was accepted in May 2025.

- Royalty income and dividend income from ViiV

Royalty income from ViiV Healthcare Ltd. (hereinafter, "ViiV") increased 8.7 percent from the previous year to 261.3 billion yen due to the strong growth of oral two-drug combinations and long-acting formulations (LA formulations). Other royalty income increased significantly to 17.3 billion yen, up 304.9 percent year on year, supported by strong sales of the anti-influenza drug Xofluza, which is out-licensed to Roche (Switzerland), as well as the recognition of new royalties related to the JT pharmaceutical business, which the Company acquired on December 1, 2025. Dividend income from ViiV increased 30.0 percent to 52.4 billion yen due to the steady progress of ViiV's business.

- Objective indicators for determining the achievement status of management goals

As described in “II. Business Overview, 1. Management Policy, Business Environment, Issues to Be Addressed, etc.,” SHIONOGI revised STS2030 and formulated the STS2030 Revision in June 2023.

In the STS2030 Revision, three indicators for growth potential and three indicators for shareholder return have been set as the financial and management indicators to be achieved. The three indicators we set to measure growth potential are as follows: revenue, as we prioritize top-line growth; overseas sales CAGR (Compound Annual Growth Rate), as we aim to achieve growth globally; and EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization), as we make active investments toward growth and to measure our earning power. As the three indicators for shareholder return, we continued to set EPS, DOE, and ROE from the perspectives of business growth and financial measures.

In FY2025, the Company made several large-scale business investments as it entered a new phase of growth. Accordingly, the Company plans to revise its management indicators in its forthcoming medium-term business plan. Going forward, we will steadily implement each of the measures we have identified, continue to explore business development opportunities, including M&A, in-licensing, and partnerships, to establish additional revenue drivers, and leverage our strong financial foundation to make proactive investments commensurate with the value of each project, with the aim of achieving our management indicators.

Key Performance Indicator (KPI)		FY2025 Actual	FY2025 Target	FY2030 Target
Growth	Revenue	499.7 billion yen	530.0 billion yen	800.0 billion yen
	Overseas sales CAGR (Excluding royalty income)	15.2%	Reviewing the growth plan (Planning to reset KPIs with an eye toward growth in the next fiscal year and beyond)	Reviewing the growth plan (Planning to reset KPIs with an eye toward growth in the next fiscal year and beyond)
	EBITDA	187.7 billion yen	196.0 billion yen	—
Shareholder return	EPS	241.11 yen	Over 200 yen	—
	DOE	4.0%	4%	—
	ROE	13.5%	Over 14%	—

Notes:

1. In our financial results for FY2024 disclosed on May 12, 2025, we revised the key performance indicators (KPIs) for FY2025: revenue from 550.0 billion yen to 530.0 billion yen and EBITDA from 200.0 billion yen to 196.0 billion yen. For overseas sales CAGR, we plan to reset the target in anticipation of further growth from FY2026 onwards.
2. The Company conducted a 3-for-1 stock split of shares of common stock, effective October 1, 2024. The actual EPS for fiscal year 2024 and the target EPS for fiscal year 2025 are stated based on the figures after the stock split.

c. Analysis and discussion on cash flows and information on capital resources and liquidity of funds

Net cash provided by operating activities during the fiscal year ended March 31, 2026 was 213,572 million yen, an increase of 18,112 million yen from the previous fiscal year. Factors included an increase in profit before tax, as well as increases in inventories, trade receivables, and income taxes paid.

Net cash used in investing activities was 506,137 million yen, an increase of 390,056 million yen year on year, mainly due to expenses for the acquisition of shares of equity-method affiliates and changes in time deposits.

Net cash provided in financing activities was 599,321 million yen, an increase of 664,229 million yen year on year, due to income from short-term borrowings.

As a result, cash and cash equivalents on March 31, 2026 totaled 711,397 million yen, an increase of 336,602 million yen from a year earlier.

Cash flow indicators

	Year ended March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2026
Ratio of equity attributable to owners of parent to total assets	87.2%	88.7%	65.4%
Ratio of equity attributable to owners of parent to total assets on market value basis	155.1%	124.4%	114.6%
Interest-bearing liabilities/Cash flow ratio	0.1	0.1	3.2
Interest coverage ratio (times)	937.5	639.7	620.5

Notes: Ratio of equity attributable to owners of parent to total assets: $\text{Equity attributable to owners of parent} / \text{Total assets}$

Ratio of equity attributable to owners of parent to total assets on a market value basis: $\text{Total market value of stock} / \text{Total assets}$

Interest-bearing liabilities/Cash flow ratio: $\text{Interest-bearing liabilities} / \text{Net cash provided by operating activities}$

Interest coverage ratio: $\text{Net cash provided by operating activities} / \text{Interest expense}$

1. All indicators are calculated on a consolidated basis.
2. The total market value of stock is calculated based on the total number of shares outstanding excluding treasury shares.
3. Net cash provided by operating activities is as reported in the consolidated statements of cash flows.
4. Interest-bearing liabilities are liabilities stated on the consolidated balance sheets on which interest is paid.

ii. Production, orders, and sales results

a. Production results

Production results for the fiscal year under review are as follows.

Name of business segment	Amount (Millions of yen)	Year-on-year change (%)
Pharmaceutical Business	173,941	45.1

Note: Amounts are calculated based on estimated sale prices.

b. Goods purchase results

Goods purchase results for the fiscal year under review are as follows.

Name of business segment	Amount (Millions of yen)	Year-on-year change (%)
Pharmaceutical Business	20,559	77.2

Notes:

1. Amounts are based on actual purchase value.
2. The significant fluctuations in the fiscal year ended March 31, 2026 were due to the acquisition of Torii Pharmaceutical and the JT Pharmaceutical Business.

c. Order status

SHIONOGI's production is planned and carried out mainly based on sales planning.

Although the Company and some of its consolidated subsidiaries manufacture products on a made-to-order basis, the amount of these orders received and the balance of these orders are immaterial.

d. Sales results

Sales results for the fiscal year under review are as follows.

Name of business segment	Amount (Millions of yen)	Year-on-year change (%)
Pharmaceutical Business	499,677	14.0

Notes:

1. Sales amounts represent revenues from sales to external customers.
2. Sales by major customer and percentage of total sales are as follows.

Major customer	Previous fiscal year		Current fiscal year	
	Value (Millions of yen)	Percent of total (%)	Value (Millions of yen)	Percent of total (%)
ViiV Healthcare Ltd.	240,404	54.9	261,335	52.3

(2) Significant accounting estimates and assumptions used therein

SHIONOGI's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards). In preparing these consolidated financial statements, estimates considered necessary are made based on reasonable standards. For details of material accounting policies, estimates, etc., please refer to "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Notes to the consolidated financial statements, 2. Basis of presentation, (4) Significant Accounting Judgments, Estimates, and Assumptions."

5. Material Business Agreements, etc.

1. The Company's business agreements, etc. material to management for the fiscal year under review are as follows.

(1) In-licensing of technology, etc.

Major customer	Countries	Technology details	Regions	Consideration received	Contract term
MUNDIPHARMA B.V.	The Netherlands	Technology and trademark license for morphine sulfate controlled-release tablets	Japan	Fixed-percentage royalty	From July 1986
MUNDIPHARMA B.V.	The Netherlands	Technology and trademark license for oxycodone hydrochloride	Japan	Contract fee Fixed-percentage royalty Lump sum payment	From December 1992 to 15 years after launch However, if the royalty rate is renegotiated during this period, the contract term will be extended.
SANOFI AVENTIS	France	Technology and trademark license for the anti-hypertension drug irbesartan	Japan	Contract fee Purchase of active ingredient	From March 1996 to 15 years from the date of approval of the product or the duration of the patent, whichever is longer Automatic renewal every five years thereafter
MARNAC, INC. /KDL, INC.	U.S. Japan	Technology for anti-fibrotic drug pirfenidone	Japan South Korea Taiwan	Contract fee	From November 1996
Bayer Yakuhin, Ltd.	Japan	Joint development/sales rights and trademark license for the anti-allergic drug loratadine	Japan	Product purchase	From January 1999 Automatic renewal every three years thereafter
BIOCRYST PHARMACEUTICALS, INC.	U.S.	Technology for anti-influenza virus drug peramivir	Japan Taiwan	Contract fee Fixed-percentage royalty	From February 2007 to 10 years from the release of the product or the duration of the patent, whichever is longer
OncoTherapy Science, Inc.	Japan	Technology for cancer peptide vaccines	Worldwide	Contract fee Fixed-percentage royalty	From February 2009 to 15 years from the date of initial product approval Automatic renewal every two years thereafter
MUNDIPHARMA B.V.	The Netherlands	Technology and trademark license for abuse-deterrent oxycodone hydrochloride drugs and oxycodone hydrochloride/naloxone combination drugs	Japan	Contract fee Milestones Fixed-percentage royalty	From November 2013 to 10 years from the release of the respective product Automatic renewal every five years thereafter
PeptiDream Inc.	Japan	Licensing and joint research for drug discovery and development platform systems	Worldwide	Technology transfer expenses, joint research expenses, etc. Milestones Fixed-percentage royalty	From June 2017 Until expiration of the royalty payment obligation
Sage Therapeutics, Inc.	U.S.	Novel antidepressant SAGE-217	Japan Taiwan South Korea	Contract fee Milestones Fixed-percentage royalty	From June 2018 Until expiration of the royalty payment obligation
F2G Limited	UK	Development and exclusive sales rights for the antifungal drug Olorofim	Europe Asia	Contract fee Milestones Fixed-percentage royalty	From May 16, 2022 to 15 years from the release of the product, the duration of the patent or the data protection period, whichever is longer
Grünenthal GmbH	Germany	Exclusive sales rights for the Resiniferatoxin injection, pain treatment for osteoarthritis of the knee	Japan	Contract fee Milestones Fixed-percentage royalty	From August 1, 2022 While the product is sold
Maze Therapeutics, Inc.	U.S.	Research, development, manufacturing, and sales rights for Pompe disease treatment drugs	Worldwide	Contract fee Milestones Fixed-percentage royalty	From May 2024 (when the US antitrust review period has elapsed) Until expiration of the royalty payment obligation
CILCARE DEV SAS	France	Option right to compounds for hearing loss	Worldwide	Contract fee	From May 13, 2024 to December 31, 2029 (if the option is exercised during the option period, the date of license agreement based on the option)
Apnimed, Inc.	U.S.	Joint ownership and licensing of intellectual property related to sleep disorder assets	Worldwide	Lump sum payment Milestones	From April 23, 2025 Until the LLC agreement ends or until all research programs end
Toray Industries, Inc.	Japan	Joint development and sales rights for the pruritic treatment drug Remitch	Japan	Contract fee Milestones Product purchase	From March 2005 Until expiration date of all applicable patents Further discussions will be held separately.
Keryx Biopharmaceuticals, Inc.	U.S.	Development and sales rights for Riona	Japan	Contract fee Milestones Fixed-percentage royalty	From September 2007 Until expiration date of all applicable patents
Dermavant Sciences GmbH	Switzerland	Development and commercialization rights for the topical skin agent Tapinarof	Japan	Contract fee Milestones Product purchase	From January 2020 Until termination of all payment obligations

(2) Out-licensing of technology, etc.

Major customer	Countries	Technology details	Regions	Consideration received	Contract term
ViiV Healthcare Ltd.	UK	Development, manufacturing, and sales rights for HIV integrase inhibitor dolutegravir and related products	Worldwide	Fixed-percentage royalty	From October 26, 2012
MedImmune, LLC	U.S.	Research, development, manufacturing, and sales rights for acute coronary syndrome drugs	Worldwide	Contract fee Milestones Fixed-percentage royalty	From September 29, 2014 to 10 years from the release of the product, the data protection period, or the duration of the patent, whichever is longer
Hoffmann-La Roche Inc. /F. Hoffmann-La Roche Ltd	U.S. Switzerland	Development, manufacturing, and sales rights for S-033188 (influenza treatment drug)	Worldwide (Excluding Japan and Taiwan)	Contract fee Milestones Fixed-percentage royalty	From February 2016 to 12 years from the initial launch or the final duration of the patent covering the product listed in the compilation of quality information of prescription drugs, whichever is longer
ViiV Healthcare Ltd.	UK	Development, manufacturing, and sales rights for S-365598 (third-generation HIV integrase inhibitor)	Worldwide	Contract fee Milestones Fixed-percentage royalty	From September 2021
GARDP Foundation	Switzerland	Development, manufacturing, and sales rights for cefiderocol	135 countries around the world, including all low-income countries, and many low-middle-income countries and upper-middle-income countries	Fixed-percentage royalty	From June 15, 2022 Until expiration of the valid patent However, if the product is sold in the country at expiration of the valid patent, it will remain effective as long as the product is sold.
Medicines Patent Pool	Switzerland	Development, manufacturing, and sales rights for S-217622	117 countries around the world, including low-income countries, and low-middle-income countries and upper-middle-income countries	Fixed-percentage royalty	From October 3, 2022 to expiration of the valid patent or the date of expiration of data protection period, whichever is longer
Ildong Pharmaceutical Co., Ltd.	South Korea	Development, formulation, and sales rights for ensitrelvir fumaric acid	South Korea	Contract fee Supply of products	From September 16, 2022 14 years from market launch in South Korea or the date of expiration of the patent, whichever is later Automatic renewal every three years thereafter
Gilead Sciences, Inc.	U.S.	Development and sales rights for anti-HIV drug Elvitegravir	Worldwide	Contract fee Milestones Royalty	From March 2005 Until termination of payment obligations
Novartis Pharma AG	Switzerland	Development and sales rights for anticancer drug Trametinib	Worldwide	Contract fee Milestones Royalty	From April 2006 Until termination of payment obligations
LEO Pharma A/S	Denmark	Development and marketing rights for Delgocitinib as a topical skin agent	Worldwide excluding Japan	Contract fee Milestones Royalty	From October 2014 Until termination of payment obligations
ROHTO Pharmaceutical Co., Ltd.	Japan	Development and marketing rights for Delgocitinib for ophthalmic eye drop applications	Japan	Contract fee Milestones Royalty	From March 2018 Until termination of payment obligations

(3) Joint development and joint sales

Major customer	Countries	Technology details	Regions	Contract term
ViiV Healthcare K.K.	Japan	Joint sales promotion rights for anti-HIV drugs, including HIV integrase inhibitor dolutegravir and its combination tablets	Japan	From April 2016 to March 2022 (Note) As of April 1, 2022, the joint sales promotion agreement was renewed to cover April 2022 to March 2025.
ELI LILLY AND COMPANY /Eli Lilly Japan K.K.	U.S. Japan	Joint development and joint sales promotion rights for duloxetine hydrochloride	Japan	From April 2015 to the period of product sales
iNova Pharmaceuticals Japan K.K.	Japan	Sales rights and joint sales promotion rights for disinfectant isodine (Prescription drug)	Japan	From December 2015 to five years from the release of the product Automatic renewal every two years thereafter

(4) Agreements on governance between companies and shareholders

In establishing the SHIONOGI Infectious Disease Research Promotion Foundation (“the Foundation”), the Company established a trust for the benefit of a third party (“the Trust”), with Sumitomo Mitsui Trust Bank, Limited as the trustee, Custody Bank of Japan, Ltd. as the sub-trustee, and the Foundation as the beneficiary. The Trust has acquired shares in the Company. Under the trust agreement, it has been agreed that the voting rights attached to the Company’s shares held under the Trust will not be exercised throughout the term of the Trust.

(i) Outline of the agreement

Date of the agreement	Counterparty	Address of the counterparty	Description of the agreement
September 1, 2022	Sumitomo Mitsui Trust Bank, Limited	1-4-1 Marunouchi, Chiyoda-ku, Tokyo	Establishment of the trust and restrictions on the exercise of voting rights attached to the shares

(ii) Purpose of the agreement

The purpose of establishing the Trust is to enable the Foundation to carry out social contribution activities on a continuous and stable basis in line with its founding objectives. In light of the above purpose, restrictions have been placed on the exercise of voting rights attached to the Company’s shares held under the Trust.

(iii) Board deliberations and the Company’s decision-making process relating to the agreement

At the Board of Directors meeting held on May 11, 2022, the establishment of the Foundation and the creation of the Trust were resolved.

(iv) Impact of the agreement on our corporate governance

The Trust currently holds 9 million shares of the Company, and we recognize that the impact on our corporate governance is limited.

(5) Financial covenants in loan agreements and corporate bonds

Date of the agreement	Maturity date	Year-end balance (million yen)	Type of counterparty	Collateral	Financial covenants
March 24, 2026	March 26, 2027	360,000	City bank	No	If any of the following conditions apply, the borrower must agree to the lender’s request to discuss a review of the loan terms. (i) The interest coverage ratio at the end of the fiscal year is 1.0 or less. (ii) The Company records a net loss for two consecutive fiscal years. (iii) The Company’s net assets are negative at the end of the fiscal year.
March 27, 2026	March 26, 2027	300,000	City bank	No	If any of the following conditions apply, the borrower must agree to the lender’s request to discuss a review of the loan terms. (i) The interest coverage ratio at the end of the fiscal year is 1.0 or less. (ii) The Company records a net loss for two consecutive fiscal years. (iii) The Company’s net assets are negative at the end of the fiscal year.

(6)Other

Major customer	Countries	Description	Date of agreement
Japan Tobacco Inc.	Japan	Absorption-type split of pharmaceutical business Tender offer for common stock of Torii Pharmaceutical Co., Ltd.	Agreement on absorption-type split and agreement on tender offer: May 7, 2025 Absorption-type split agreement: Sep. 25, 2025
Shionogi Pharma Co., Ltd.	Japan	Basic agreement for absorption-type merger	Oct. 27, 2025
ViiV Healthcare Ltd. / GSK plc. / Pfizer Inc.	UK U.S.	Investment agreement	Jan. 19, 2026
Apnimed, Inc. / Shionogi-Apnimed Sleep Science, LLC	U.S.	Transfer of ownership	Mar. 23, 2026

At a meeting of the Board of Directors held on February 20, 2026, the Company resolved to adopt a basic policy of effecting an absorption-type merger with Torii Pharmaceutical Co., Ltd., its wholly owned subsidiary. Additionally, at a meeting of the Board of Directors held on April 27, 2026, a resolution was passed to carry out the absorption-type merger with an effective date of April 1, 2027, and an absorption-type merger agreement was concluded. For details, please refer to “V. Financial Information, 1. Consolidated Financial Statements, (1) Notes to Consolidated Financial Statements, 38. Subsequent Events.”

2. The consolidated subsidiaries’ business agreements, etc. material to management for the fiscal year under review are as follows.

(1) In-licensing of technology, etc.

Company name	Major customer	Countries	Technology details	Regions	Consideration received	Contract term
Torii Pharmaceutical Co., Ltd.	Toray Industries, Inc.	Japan	Agreement concerning joint development and sales rights in Japan for the pruritus treatment drug Remitch for patients undergoing dialysis	Japan	Contract lump sum payment, etc.	From March 2005 Further discussions to be held after patent expiration date
Torii Pharmaceutical Co., Ltd.	ALK-Abello A/S	Denmark	Agreement concerning exclusive development and sales rights in Japan for allergen immunotherapy drugs and other products for indoor dust mite allergies	Japan	Contract lump sum payment, etc.	From January 2011 Indefinite
Torii Pharmaceutical Co., Ltd.	BioCryst Pharmaceuticals, Inc.	U.S.	Partial amendment to the license agreement regarding exclusive sales rights in Japan for the plasma kallikrein inhibitor Orladeyo Capsules	Japan	Fixed-percentage royalty	From November 2023 10 years from the date of release or the patent expiration date, whichever is longer
Torii Pharmaceutical Co., Ltd.	Verrica Pharmaceuticals Inc.	U.S.	Regarding the skin disease drug TO-208, a license agreement concerning exclusive development and commercialization rights in Japan for molluscum contagiosum and common warts (including an amendment to said agreement regarding the allocation of costs and payment methods for international clinical trials of the aforementioned drug)	Japan	Contract lump sum payment, etc.	From March 2021 10 years from the date of release or the patent expiration date, whichever is longer
Torii Pharmaceutical Co., Ltd.	Nogra Pharma Limited	Ireland	License agreement regarding exclusive development and commercialization rights in Japan for the treatment of acne vulgaris TO-210	Japan	Contract lump sum payment, etc.	From January 2023 12 years from the date of release or the patent expiration date, whichever is longer
Torii Pharmaceutical Co., Ltd.	ALK-Abello A/S	Denmark	License agreement for the exclusive development and commercialization rights in Japan of an allergen immunotherapy drug for hay fever caused by grass pollen	Japan	Development milestones, etc.	From December 2023 Indefinite

(2) Out-licensing of technology, etc.

Company name	Major customer	Countries	Technology details	Regions	Consideration received	Contract term
Shionogi Inc.	DUCHESNAY INC.	Canada	Development, manufacturing, and sales rights for the vaginal atrophy drug ospemifene	U.S. Canada	Contract fee Fixed amount and receipt based on annual sales	From March 10, 2017 Until expiration of the payment obligation
Shionogi (Hong Kong) Commerce Limited	Juniper Therapeutix Pte. Ltd.	Singapore	For ensitrelvir fumaric acid, (i) EUA (PSAR and SAR) development rights and the sales rights to the government and certain medical institutions (ii) Regulatory approval development rights and sales rights	Singapore	Milestones Supply of products	(i) From March 27, 2023 (ii) From December 6, 2023 to 15 years since launch in Singapore Automatic renewal every five years thereafter

(3) Joint sales

Company name	Major customer	Countries	Technology details	Regions	Contract term
Shionogi Healthcare Co., Ltd.	iNova Pharmaceuticals Japan K.K.	Japan	Sales rights and joint sales promotion rights for disinfectant isodine (Japan) Sales rights and sales promotion rights for disinfectant isodine (cross-border e-commerce for China) (OTC)	Japan Cross-border e-commerce for China	From October 2015 to five years from the release of the product Automatic renewal every two years thereafter Shionogi China Co., Ltd.
Shionogi China Co., Ltd.	Shanghai Pharmaceutical Co., Ltd.	Mainland China	License agreement for the import and distribution of Ensitrelvir Fumaric Acid, a COVID-19 therapeutic drug, in China	Mainland China	Two years from December 23, 2022 Automatic renewal every year thereafter
Shionogi China Co., Ltd.	Chia Tai Tianqing Pharmaceutical Group Co., Ltd. (CTTQ)	Mainland China	License agreement for promotion of Ensitrelvir Fumaric Acid, a COVID-19 therapeutic drug, in China	Mainland China	From December 26, 2022 to December 31, 2027 Can be extended for three years upon agreement of the two companies

(4)Other

Company name	Major customer	Countries	Description	Date of agreement
Shionogi Inc.	JT AMERICA INC.	U.S.	Acquisition of shares in Akros Pharma Inc.	May 7, 2025
Shionogi Inc.	K.K. BCJ-94	U.S.	Acquisition of the edaravone business, a treatment for amyotrophic lateral sclerosis (ALS), etc.	December 22, 2025

6. Research and Development Activities

During the fiscal year ended March 31, 2026, we actively advanced our research and development activities, focusing on projects in our priority areas of infectious diseases and QOL diseases with significant social impact.

(1) Research

Research on S-567123, a vaccine designed to prevent the onset of infection by inducing antibodies that suppress the activity of sarbecoviruses (a group of viruses including SARS coronavirus [SARS-CoV-1] and novel coronavirus [SARS-CoV-2]), has progressed, and a Phase 1 clinical trial has begun. This vaccine is a next-generation vaccine expected to be effective against emerging variants of SARS-CoV-2, as it induces antibodies that target regions of the virus where mutations are unlikely to occur.

Furthermore, research on S-898270, a therapeutic candidate for improving symptoms of Alzheimer's disease, has progressed, and a Phase 1 clinical trial has been initiated. This drug is expected to improve cognitive function by enhancing neuronal and synaptic functions.

In addition to advancing these research activities, we completed the acquisition of the JT Group's pharmaceutical business with the aim of strengthening our in-house drug discovery capabilities, particularly in small-molecule drug discovery. Through this acquisition, we enhanced our drug discovery infrastructure by expanding our talent base of experienced medicinal chemists and other specialists, and by acquiring and integrating advanced technology platforms, such as AI and quantum computing, from the JT pharmaceutical business. We aim to further enhance our strengths as a drug discovery-based pharmaceutical company and generate globally competitive in-house developed products.

(2) Development

In the field of infectious diseases, based on the positive results of the global Phase 3 post-exposure prophylaxis study (SCORPIO-PEP) for ensitrelvir (product name in Japan: Xocova), an oral antiviral drug for COVID-19, we submitted an application for approval in the United States for the prevention of COVID-19, and the application was accepted by the U.S. FDA. Subsequently, on May 29, 2026, we received approval in the U.S. for the prevention of COVID-19. In Europe, we submitted marketing authorization applications for both post-exposure prophylaxis and treatment indications. In addition, in Japan, we obtained approval for post-exposure prophylaxis and also submitted a manufacturing and marketing authorization application for treatment in children aged 6 to 11 years. Furthermore, we initiated a Phase 3 clinical trial to expand the age range to include children aged 0 to 5 years.

Regarding S-892216, a next-generation antiviral drug for COVID-19, we obtained positive results in a Phase 2 clinical trial toward obtaining approval as an oral treatment and advanced preparations for a Phase 3 clinical trial. Furthermore, development of long-acting formulations has progressed toward obtaining approval for pre-exposure prophylaxis for the purpose of preventing infection.

Regarding S-268024, a COVID-19 vaccine targeting the JN.1 lineage of the SARS-CoV-2 variant, the primary endpoint was achieved in a Phase 3 clinical trial, demonstrating efficacy and a favorable safety profile. Based on these results, we submitted an application for partial change to the manufacturing and marketing approval in Japan.

Regarding baloxavir marboxil (product name in Japan: Xofluza), an anti-influenza drug, we obtained manufacturing and marketing approval in Japan for a granule formulation intended for pediatric patients. This has made it possible to offer treatment options to a wider range of patients.

Cefiderocol, an injectable antibacterial agent for the treatment of Gram-negative bacterial infections, including those caused by multidrug-resistant bacteria, was approved in China for the treatment of complicated urinary tract infections.

In the field of QOL diseases with significant social impact, we initiated a global Phase 2 clinical trial of S-606001, a small-molecule oral treatment candidate for the rare disease Pompe disease. This disease is a genetic metabolic disorder characterized by muscle weakness and respiratory dysfunction, with significant unmet medical needs that existing treatments have not fully addressed, and this drug is expected to provide a new treatment option.

Regarding zuranolone (product name in Japan: ZURZUVAE), an oral antidepressant with a novel mechanism of action, we obtained manufacturing and marketing approval in Japan. This drug is effective when taken orally once a day for 14 days. In a Phase 3 clinical trial in Japan, it demonstrated a significant improvement in depressive symptoms compared with placebo as early as two days after the start of administration, suggesting a rapid onset of action.

Regarding S-531011, an anti-CCR8 antibody for solid tumors, we obtained results from the Phase 1 portion of a Phase 1/2 clinical trial and initiated a Phase 2 clinical trial.

Furthermore, following the M&A of the JT Group's pharmaceutical business, we acquired several promising development products from the former JT pharmaceutical business and Torii Pharmaceutical.

As a result of these activities, research and development expenses for the entire Group for the fiscal year under review totaled 122,843 million yen.

Pipeline (as of May 12, 2026)

Areas	Generic name/Code No. [Product name]	Mechanism of action (Administration)	Indication	Stage	Origin	Development
Infectious disease	Cefiderocol Tosilate Sulfate Hydrate [US, Japan: Fetroja®] [EU:Fetroja®]	Cell-wall synthesis inhibition (injection)	Gram-negative infection (pediatric)	Phase III	In-house	In-house
			Gram-negative infection	Phase III MAA submission: Australia (Dec. 2024)	In-house	In-house
	S-268019 [Japan:Covgoze®]	Vaccine (muscular injection)	Prevention of COVID-19 (Adolescent)	Phase II/III	In-house	In-house
			Prevention of COVID-19 (Children)	Phase I/II/III	In-house	In-house
	S-268024	Vaccine (muscular injection)	Prevention of COVID-19	NDA submission: Japan (Nov. 2025)	In-house	In-house
	S-567123	Vaccine (muscular injection)	Prevention of COVID-19	Phase I	In-house	In-house
	Ensitrelvir Fumaric Acid [Japan:Xocova®]	3CL protease inhibitor (oral)	Treatment of COVID-19 (12 years old and older)	Phase III NDA submission: EU (Jun. 2025)	In-house	Japan, global, Taiwan: In-house South Korea: In-house /Ildong Singapore: In-house /Juniper
			Treatment of COVID-19 (Children, 6 to 11 years)	NDA submission: Japan (Jun. 2025)	In-house	In-house
			Post exposure prophylaxis of COVID-19	NDA submission: Japan (Mar. 2025) , US (Jun. 2025) , EU (Jun. 2025) , Taiwan (Oct. 2025)	In-house	In-house
			Treatment of COVID-19 (Pediatric, 0 to 5 years)	Phase III	In-house	In-house
	Olorofim	Dihydroorotate dehydrogenase (DHODH) inhibition (oral)	Invasive aspergillosis	Phase III	F2G (UK)	In-house/ F2G
	Secutrelvir	3CL protease inhibitor (oral)	Treatment of COVID-19	Phase II	In-house	In-house
		3CL protease inhibitor (long-acting injection)	Pre exposure prophylaxis of COVID-19	Phase I	In-house	In-house
	S-337395	RNA dependent RNA polymerase inhibitor (oral)	Treatment of RSV infection	Phase II	In-house/ UBE	In-house/ UBE
	S-649228	Cell-wall synthesis inhibition (injection)	Gram-negative infection	Phase I	In-house/ Qpex	In-house
QOL Diseases	Naldemedine tosilate [Japan:Symproic®] [EU:Rizmoic®]	Peripheral opioid receptor antagonis (oral, powder)	Opioid-induced constipation (pediatric)	Phase I/II	In-house	In-house
		Peripheral opioid receptor antagonist (oral)	Opioid-induced constipation	Phase III NDA submission: Mainland China (NMPA) (May. 2025)	In-house	In-house
		Peripheral opioid receptor antagonist (oral)	Parkinson's disease with constipation	Phase II	In-house	In-house
	Zatolmilast	PDE4D negative allosteric modulator (oral)	Fragile X syndrome	Phase II/III	Tetra (USA)	In-house
			Jordan syndrome	Phase II	Tetra (USA)	In-house
			Alzheimer's disease	Phase II	Tetra (USA)	In-house

Areas	Generic name/Code No. [Product name]	Mechanism of action (Administration)	Indication	Stage	Origin	Development
QOL Diseases	S-588410	Cancer peptide vaccine (injection)	Esophageal cancer	Phase III	OncoTherapy Science, Inc. (Japan)	In-house
			Bladder cancer	Phase II	OncoTherapy Science, Inc. (Japan)	In-house
	S-488210	Cancer peptide vaccine (injection)	Head and neck squamous cell carcinoma	Phase I/II	OncoTherapy Science, Inc. (Japan)	In-house
	S-588210	Cancer peptide vaccine (injection)	Solid tumor	Phase I	OncoTherapy Science, Inc. (Japan)	In-house
	SR-0379	Promote granulation formation (topical)	Cutaneous ulcer (Pressure ulcer, Diabetic ulcer)	Phase III	FunPep (Japan)	In-house/ FunPep
	Redasemtide Trifluoroacetate	Mobilization of mesenchymal stem cells (MSCs) to peripheral blood (injection)	Stroke	Phase IIb	StemRIM (Japan)	In-house
			Epidermolysis bullosa	Phase II	StemRIM (Japan)	In-house
	S-531011	anti-CCR8 antibody (injection)	Solid tumor	Phase Ib/II	In-house	In-house
	S-740792	New mechanism of action (oral)	Walking impairment associated with multiple sclerosis	Phase I	In-house	In-house
	S-054501 [SASS-001] (S-600918 + Concomitant drug X)	P2X3 receptor inhibitor (oral) +Mechanism of Concomitant drug	Sleep Apnea with a Central Component	Phase II	S-600918: In-house	Shionogi- Apnimed Sleep Science, LLC (USA)
	S-606001	Glycogen synthase 1 (GYS1) inhibitor (oral)	Pompe disease	Phase II	Maze (USA)	In-house
	SDS-881	AI Programmed Medical Device for Conversational Cognitive Function Testing	Cognitive impairment in dementia	Phase III	FRONTEO (Japan)	In-house
	S-898270	Phosphodiesterase 4D (PDE4D) Inhibitors	Alzheimer's Disease	Phase I	In-house	In-house
	S-054502 [SASS-002] (Sulthiame)	Carbonic anhydrase inhibitor	Sleep Apnea	Phase II	Desitin	Shionogi- Apnimed Sleep Science, LLC (USA)
	Cantharidin [YCANTH®topical solution 0.71%]	Treatment for viral warts (Topical)	Common warts	Phase III	Verrica (USA)	In-house /Verrica (USA)
	TO-210	Peroxisome proliferator- activated receptor γ (PPAR γ) modulating agent (Topical)	Acne vulgaris	Phase III	Nogra (Ireland)	In-house
	TO-203 [MITICURE®House Dust Mite Sublingual Tablets]	Allergen Immunotherapy (Sublingual tablet)	House dust mite inducedallergic asthma	Phase II/III	ALK (Denmark)	In-house
	TO-209	Allergen Immunotherapy (Sublingual tablet)	Grass pollen-induced allergic rhinitis	Phase III	ALK (Denmark)	In-house
	Tapinarof	Aryl hydrocarbon receptor (AhR) modulating agent (Topical)	Atopic dermatitis in pediatric patients	NDA submission: Japan (Oct. 2025)	Dermavant (Switzerland)	In-house
			Atopic dermatitis in infant patients	Phase III	Dermavant (Switzerland)	In-house
	Delgocitinib	Janus kinase (JAK) inhibitor (Lotion Fomulation)	Atopic dermatitis	NDA submission: Japan (Feb. 2026)	In-house	In-house
			Atopic dermatitis in pediatric patients	PhaseIII	In-house	In-house
	S-051051 (JTE-051)	Tropomyosin Receptor Kinase A (TrkA) /Interleukin-2 inducible T-cell kinase (ITK) inhibitor (oral)	Interstitial cystitis/Bladder pain syndrome, Autoinflammatory/ Autoimmune diseases	Phase II	In-house	In-house
	S-662662 (JTT-662)	Sodium-Glucose Co- transporter1 (SGLT1) inhibitor (oral)	Hypertrophic cardiomyopathy	Phase I	In-house	In-house
	S-861861 (JTT-861)	Pyruvate dehydrogenase	Chronic heart failure	Phase II	In-house	In-house

Areas	Generic name/Code No. [Product name]	Mechanism of action (Administration)	Indication	Stage	Origin	Development
		kinase (PDHK) inhibitor (oral)				
	S-064064 (JTC-064)	PDHK inhibitor (oral)	Neurodegenerative disease	Phase I	In-house	In-house
	S-161161 (JTV-161)	Proto-oncogene serine/threonine-protein kinase1 (Pim-1) inhibitor (oral)	Pulmonary arterial hypertension	Phase I	In-house	In-house
	S-162162 (JTE-162)	NLR family pyrin domain containing 3 (NLRP3) inhibitor (oral)	Autoinflammatory/ Autoimmune diseases	Phase I	In-house	In-house
	S-261261 (JTV-261)	Phospholipase D1/2 (PLD1/2) inhibitor (oral)	Thrombosis	Phase I	In-house	In-house
	S-262262 (JTC-262)	NLRP3 inhibitor (oral)	Neurodegenerative disease	Phase I	In-house	In-house
	S-263263 (JTV-263)	Hematopoietic Prostaglandin D Synthase (H-PGDS) inhibitor (oral)	Peripheral artery disease	Phase I	In-house	In-house
	S-461461 (JTE-461)	Mas-related G protein-coupled receptor X2 (MRGPRX2) antagonist (oral)	Chronic spontaneous urticaria	Phase I	In-house	In-house

<Out-Licensing Activity>

Generic name/Code No. [Product name]	Mechanism of action (Administration)	Indication	Stage	Origin	Development
S-723595 (TLC-3595)	Acetyl-CoA carboxylase 2 inhibitor (oral)	Type 2 diabetes	Phase IIa	In-house	OrsoBio, Inc. (USA)
S-365598	Integrase inhibitor (ultra long-acting injection)	HIV infection	Phase IIb (Oral)	In-house	SHIONOGI-ViiV Healthcare LLC
Delgocitinib	Janus kinase (JAK) inhibitor (Topical)	Chronic hand eczema	NDA submission: Mainland China (NMPA) (Sep. 2025)	In-house	LEO Pharma (Denmark)
		Chronic hand eczema in adolescents	MAV submission: EU (Nov. 2025)	In-house	LEO Pharma (Denmark)
		Palmoplantar pustulosis	Phase IIa	In-house	LEO Pharma (Denmark)
		Lichen sclerosis	Phase III	In-house	LEO Pharma (Denmark)
	JAK inhibitor (eye drop)	Ophthalmology disease	Phase II	In-house	ROHTO (Japan)

III. Equipment and Facilities

1. Capital Expenditures

SHIONOGI (the Company and its consolidated subsidiaries) makes continuous capital expenditures in production, research, and sales to facilitate activities such as sales expansion, cost reduction, new product launches, and research and development.

In the fiscal year under review, capital expenditures totaled ¥18,268 million, up ¥5,983 million (48.7%) from the previous fiscal year, primarily spent on research facilities and production facilities.

The required funds for these expenditures were mainly allocated from cash on hand and subsidies.

There have been no sales, removals, or losses of fixed assets that would have a material impact on production capacity.

2. Principal Facilities

SHIONOGI's (the Company and its consolidated subsidiaries) principal facilities are as follows.

(1) Non-consolidated (filing company data)

As of March 31, 2026

Business location name (Location)	Name of business segment	Facility type	Book value (Millions of yen)					Number of employees (Persons) (Note 2)
			Buildings and structures	Machinery, equipment and vehicles	Land (area, thousand m ²)	Other (Note 1)	Total	
Shionogi Pharmaceutical Research Center (Osaka, Japan)	Pharmaceutical Business	Research facilities	12,360	16	2,090 (31)	4,006	18,472	565 [10]
Takatsuki Research Center (Osaka, Japan)	Pharmaceutical Business	Research facilities	4,581	3	13,437 (63)	1,894	19,915	449 [28]
Yokohama Research Center (Kanagawa, Japan)	Pharmaceutical Business	Research facilities	6,345	2	2,925 (11)	349	9,621	76 {3}
Shionogi CMC Research Innovation Center (Hyogo, Japan)	Pharmaceutical Business	Production/ research facilities	1,768	82	39 (42)	504	2,393	136 [8]
Global Headquarters (Osaka, Japan)	Pharmaceutical Business	Management/ sales facilities	5,945	-	- (-)	13,185	19,130	783 [50]
Osaka Head Office (Osaka, Japan)	Pharmaceutical Business	Management/ sales facilities	1,221	-	873 (1)	86	2,180	- [-]
Branch and offices (Whole of Japan)	Pharmaceutical Business	Sales facilities, etc.	2,556	12	1,147 (95)	4,070	7,785	795 [71]
Vaccine Production facilities (Gifu, Japan) (Note 3)	Pharmaceutical Business	Production facilities	13,633	19,060	- (-)	1,582	34,275	- [-]
SHIBUYA AXSH (Tokyo, Japan)	Pharmaceutical Business	Investment real estate	-	-	- (2)	26,467	26,467	- [-]

Notes:

1. "Other" includes construction in progress, right-of-use assets, investment property, etc.
2. The number of employees presented is the number of full-time employees. The average number of temporary employees (re-employed mandatory retirees, contract employees, etc.) is shown in brackets and is not included in the number of employees.
3. Vaccine production facilities are partially under construction. The name of this location has not yet been determined.

(2) Subsidiaries in Japan

As of March 31, 2026

Company name	Business location name (Location)	Name of business segment	Facility type	Book value (Millions of yen)					Number of employees (Persons) (Note 2)
				Buildings and structures	Machinery, equipment and vehicles	Land (area, thousand m ²) (Note 3)	Other (Note 1)	Total	
Shionogi Pharma Co., Ltd.	Settsu Plant (Osaka, Japan)	Pharmaceutical Business	Production/research facilities	7,151	2,657	416 (146)	4,082	14,306	409 [55]
	Kanegasaki Plant (Iwate, Japan)	Pharmaceutical Business	Production facilities	5,934	3,979	1,441 (205)	2,823	14,177	336 [79]
	Amagasaki Site (Hyogo, Japan)	Pharmaceutical Business	Production/research facilities	2,747	507	- (-)	1,213	4,467	138 [14]
	Tokushima Plant (Tokushima, Japan)	Pharmaceutical Business	Production facilities	1,619	450	- (-)	809	2,878	67 [13]
	Itami Plant (Hyogo, Japan)	Pharmaceutical Business	Production facilities	617	505	292 (16)	491	1,905	111 [22]
	Akita Plant (Akita, Japan)	Pharmaceutical Business	Production facilities	78	168	80 (13)	1,805	2,131	42 [1]
Torii Pharmaceutical Co., Ltd.	Head Office (Tokyo, Japan)	Pharmaceutical Business	Management facilities	775	-	6,415 (1)	4,090	11,280	234 [42]

Notes:

1. "Other" includes construction in progress, right-of-use assets, investment property, etc.
2. The number of employees presented is the number of full-time employees. The average number of temporary employees (re-employed mandatory retirees, contract employees, etc.) is shown in brackets and is not included in the number of employees.
3. Land is centrally managed by the filing company. For the Settsu Plant and Kanegasaki Plant, land book value and area are expressed for the filing company, and "-" is shown for the Amagasaki Site (on the premises of CMC Research Innovation Center).

(3) Subsidiaries outside Japan

Not applicable.

3. Plans for Additions and Disposals of Facilities

Capital expenditure by SHIONOGI (the Company and its consolidated subsidiaries) is planned based on a comprehensive consideration of the effects of the expenditure, taking into account factors such as future demand forecasts, the status of new product development, and the need to upgrade existing facilities. In principle, each company formulates its own separate capital plan, but the filing company plays a central role in coordinating these plans to avoid duplication of expenditures across SHIONOGI.

As of the end of the fiscal year under review, the planned expenditure in the new construction, expansion, etc. of principal facilities was ¥37,005 million. Of this, ¥5,770 million has already been paid, and the remaining ¥31,235 million is to be funded mainly by cash on hand and subsidies.

Plans for principal facilities that are currently under way are for the expansion of research, manufacturing, and other facilities in SHIONOGI, and are as follows.

(1) Non-consolidated (filing company data)

Not applicable.

(2) Subsidiaries in Japan

Classification	Company name Business location name	Location	Name of business segment	Facility type	Planned expenditure amount		Funding method	Scheduled start and completion	
					Total (Millions of yen)	Amount already paid (Millions of yen)		Start	Completion
New construction	Shionogi Pharma Co., Ltd. Kanegasaki Plant	Iwate, Japan	Pharmaceutical Business	Logistics facilities	2,070	-	Cash on hand	2026.1	2026.12
New construction	Shionogi Pharma Co., Ltd. Amagasaki Site	Hyogo, Japan	Pharmaceutical Business	Production facilities	6,035	3,115	Cash on hand and subsidies	2022.4	2030.3
New construction	Shionogi Pharma Co., Ltd. Vaccine Production Facilities	Osaka, Japan	Pharmaceutical Business	Production facilities	28,900	2,665	Cash on hand and subsidies	2024.10	2029.3

(3) Subsidiaries outside Japan

Not applicable.

IV. Information on the Filing Company

1. Information on the Company's Shares, etc.

(1) Total number of shares, etc.

i. Total number of shares

Type	Total number of shares authorized to be issued (Shares)
Common shares	3,000,000,000
Total	3,000,000,000

ii. Number of shares issued

Type	Number of shares issued as of the fiscal year-end (Shares) (As of March 31, 2026)	Number of shares issued as of filing date (Shares) (As of June 19, 2026)	Stock exchange on which the Company is listed or financial instruments association where the Company is licensed	Description
Common shares	889,632,195	889,632,195	Tokyo Stock Exchange Prime Market	Number of shares constituting one trading unit 100 shares
Total	889,632,195	889,632,195	—	—

(2) Information on share acquisition rights, etc.

i. Details of stock option program

FY2011 share acquisition rights

Date of resolution	As of June 24, 2011
Number of share acquisition rights	90 *1
Of share acquisition rights, number of treasury share acquisition rights	—
Class of shares corresponding to share acquisition rights	Common shares
Number of shares corresponding to share acquisition rights (Shares)	27,000 *2,6
Payment amount on exercise of share acquisition rights (Yen)	1
Exercise period for share acquisition rights	From: July 12, 2011 To: July 11, 2041
Issue price and amount paid into capital on issuance of shares from exercise of share acquisition rights (Yen)	Issue price 376 *3,6 Amount paid into capital 188 *6
Conditions for exercising share acquisition rights	*4
Matters concerning transfer of share acquisition rights	The acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of the Company.
Matters concerning substitute payment	—
Matters concerning delivery of share acquisition rights in connection with reorganization	*5

Note: Details are provided as of the end of the fiscal year under review (March 31, 2026). As of the end of the month prior to the filing date (May 31, 2026), there were no changes in the details to be stated from those as of the end of the fiscal year under review. Therefore, information as of the end of the month prior to the filing date is omitted.

- *1. The persons to be allotted share acquisition rights, the number of these persons, and the number of share acquisition rights allotted to these persons are as follows.
- Company directors (excluding directors who are Audit and Supervisory Committee Members and outside directors; the same applies hereinafter) 3 persons, 252 rights
- Company executive officers (excluding those concurrently serving as directors; the same applies hereinafter) 9 persons, 270 rights
- The number of shares per share acquisition right (hereinafter referred to as the “Number of Shares Granted”) shall be 300.
- *2. In the event that, after the date of allotment of share acquisition rights (hereinafter referred to as the “Allotment Date”), the Company conducts a stock split (including gratis allotment of shares of common stock of the Company; the same shall apply hereinafter with respect to stock splits) or a reverse stock split, the Number of Shares Granted shall be adjusted in accordance with the following calculation for those share acquisition rights that have not been exercised at the time of such stock split or reverse stock split.
- Adjusted number of shares = Number of shares before adjustment* Split or consolidation ratio
- In addition to the above, in the event that the Company conducts a merger, corporate split or share exchange after the Allotment Date, or otherwise if the Number of Shares Granted requires adjustment, the Company’s Board of Directors may adjust the Number of Shares Granted as it deems necessary.
- Any fraction of less than one share resulting from the above adjustment shall be truncated.
- *3. i. The issue price is the sum of the fair value of the share acquisition rights on the Allotment Date and the amount to be paid upon exercise of the share acquisition rights (1 yen per share).
- In addition, the recipient of share acquisition right allotment (hereinafter referred to as “Share Acquisition Rights Holder”) may, in lieu of payment of the amount equivalent to the fair value of the share acquisition rights, offset this with compensation claims against the Company.
- ii. All shares to be issued to Share Acquisition Rights Holders upon exercise of share acquisition rights are to be issued from treasury shares, and no new shares will be issued as a result of the exercise of share acquisition rights.
- In the event that treasury shares are used, no amount shall be paid into capital.
- *4. i. During the exercise period for share acquisition rights, directors who are Share Acquisition Rights Holders may only exercise all of their share acquisition rights in a single act, solely during the period from the day following the day on which they lose their position as a director of the Company until the day on which 10 days (if the 10th day falls on a holiday, the next business day) have passed.
- ii. During the exercise period for share acquisition rights, executive officers who are Share Acquisition Rights Holders may only exercise all of their share acquisition rights in a single act, solely from the day following the day on which they retire as executive officer of the Company or the day their employment contract with the Company is terminated (excluding employment contracts related to re-employment after mandatory retirement), whichever is later, until the day on which 10 days (if the 10th day falls on a holiday, the next business day) have passed.
- In the event that an executive officer who is a Share Acquisition Rights Holder is newly appointed as a director of the Company, they may not exercise these rights until their retirement as a director.
- iii. In the event of the death of a Share Acquisition Rights Holder, their heirs may exercise their share acquisition rights only during the period from the day following the day of the death of the benefactor and the day after 6 months have passed.
- iv. Other conditions for exercising rights shall be as set forth in the “Share Acquisition Rights Allotment Agreement” concluded between the Company and the Share Acquisition Rights Holders.
- *5. In the event that the Company conducts a merger (limited to cases in which the Company is dissolved due to merger), absorption-type split or incorporation-type split (limited to cases in which the Company becomes a split company), or share exchange or share transfer (limited to cases where the Company becomes a wholly-owned subsidiary) (the above are hereinafter collectively referred to as “Reorganization”), Share Acquisition Rights Holders of the remaining share acquisition rights as of the time immediately preceding the effective date of the Reorganization (hereinafter referred to as “Residual Share Acquisition Rights”) shall, in each circumstance, be issued the share acquisition rights of the stock company as prescribed in each of Article 236, Paragraph 1, Item 8, (a) through (e) of the Companies Act (hereinafter referred to as the “Reorganized Company”) in accordance with the terms and conditions of the issuance of these share acquisition rights. However, this shall be limited to cases where it is stipulated in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type split agreement, incorporation-type split plan, share exchange agreement, or share transfer plan that share acquisition rights of the Reorganized Company will be delivered in accordance with conditions equivalent to the terms and conditions of issuance of these share acquisition rights.
- *6. As a result of the 3-for-1 split of common stock on October 1, 2024 based on the resolution of the Board of Directors meeting held on August 30, 2024, “Number of shares corresponding to share acquisition rights” and “Issue price and amount paid into capital on issuance of shares from exercise of share acquisition rights” have been adjusted.

FY2012 share acquisition rights

Date of resolution	As of June 27, 2012
Number of share acquisition rights	158 *1
Of share acquisition rights, number of treasury share acquisition rights	—
Class of shares corresponding to share acquisition rights	Common shares
Number of shares corresponding to share acquisition rights (Shares)	47,400 *2,6
Payment amount on exercise of share acquisition rights (Yen)	1
Exercise period for share acquisition rights	From: July 13, 2012 To: July 12, 2042
Issue price and amount paid into capital on issuance of shares from exercise of share acquisition rights (Yen)	Issue price 305 *3,6 Amount paid into capital 153 *6
Conditions for exercising share acquisition rights	*4
Matters concerning transfer of share acquisition rights	The acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of the Company.
Matters concerning substitute payment	—
Matters concerning delivery of share acquisition rights in connection with reorganization	*5

Note: Details are provided as of the end of the fiscal year under review (March 31, 2026). As of the end of the month prior to the filing date (May 31, 2026), there were no changes in the details to be stated from those as of the end of the fiscal year under review. Therefore, information as of the end of the month prior to the filing date is omitted.

*1. The persons to be allotted share acquisition rights, the number of these persons, and the number of share acquisition rights allotted to these persons are as follows.

Company directors (excluding directors who are Audit and Supervisory Committee Members and outside directors; the same applies hereinafter) 2 persons, 316 rights

Company executive officers (excluding those concurrently serving as directors; the same applies hereinafter) 11 persons, 475 rights

The number of shares per share acquisition right (hereinafter referred to as the “Number of Shares Granted”) shall be 300.

*2. Through *6. are the same as those in the notes to “FY2011 share acquisition rights.”

FY2013 share acquisition rights

Date of resolution	As of June 26, 2013
Number of share acquisition rights	86 *1
Of share acquisition rights, number of treasury share acquisition rights	—
Class of shares corresponding to share acquisition rights	Common shares
Number of shares corresponding to share acquisition rights (Shares)	25,800 *2,6
Payment amount on exercise of share acquisition rights (Yen)	1
Exercise period for share acquisition rights	From: July 12, 2013 To: July 11, 2043
Issue price and amount paid into capital on issuance of shares from exercise of share acquisition rights (Yen)	Issue price 643 *3,6 Amount paid into capital 322 *6
Conditions for exercising share acquisition rights	*4
Matters concerning transfer of share acquisition rights	The acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of the Company.
Matters concerning substitute payment	—
Matters concerning delivery of share acquisition rights in connection with reorganization	*5

Note: Details are provided as of the end of the fiscal year under review (March 31, 2026). As of the end of the month prior to the filing date (May 31, 2026), there were no changes in the details to be stated from those as of the end of the fiscal year under review. Therefore, information as of the end of the month prior to the filing date is omitted.

*1. The persons to be allotted share acquisition rights, the number of these persons, and the number of share acquisition rights allotted to these persons are as follows.

Company directors (excluding directors who are Audit and Supervisory Committee Members and outside directors; the same applies hereinafter) 2 persons, 172 rights

Company executive officers (excluding those concurrently serving as directors; the same applies hereinafter) 12 persons, 267 rights

The number of shares per share acquisition right (hereinafter referred to as the “Number of Shares Granted”) shall be 300.

*2. Through *6. are the same as those in the notes to “FY2011 share acquisition rights.”

FY2014 share acquisition rights

Date of resolution	As of June 25, 2014
Number of share acquisition rights	117 *1
Of share acquisition rights, number of treasury share acquisition rights	—
Class of shares corresponding to share acquisition rights	Common shares
Number of shares corresponding to share acquisition rights (Shares)	35,100 *2,6
Payment amount on exercise of share acquisition rights (Yen)	1
Exercise period for share acquisition rights	From: July 11, 2014 To: July 10, 2044
Issue price and amount paid into capital on issuance of shares from exercise of share acquisition rights (Yen)	Issue price 633 *3,6 Amount paid into capital 317 *6
Conditions for exercising share acquisition rights	*4
Matters concerning transfer of share acquisition rights	The acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of the Company.
Matters concerning substitute payment	—
Matters concerning delivery of share acquisition rights in connection with reorganization	*5

Note: Details are provided as of the end of the fiscal year under review (March 31, 2026). As of the end of the month prior to the filing date (May 31, 2026), there were no changes in the details to be stated from those as of the end of the fiscal year under review. Therefore, information as of the end of the month prior to the filing date is omitted.

*1. The persons to be allotted share acquisition rights, the number of these persons, and the number of share acquisition rights allotted to these persons are as follows.

Company directors (excluding directors who are Audit and Supervisory Committee Members and outside directors; the same applies hereinafter) 2 persons, 178 rights

Company executive officers (excluding those concurrently serving as directors; the same applies hereinafter) 11 persons, 246 rights

The number of shares per share acquisition right (hereinafter referred to as the “Number of Shares Granted”) shall be 300.

*2. Through *6. are the same as those in the notes to “FY2011 share acquisition rights.”

FY2015 share acquisition rights

Date of resolution	As of June 24, 2015
Number of share acquisition rights	73 *1
Of share acquisition rights, number of treasury share acquisition rights	—
Class of shares corresponding to share acquisition rights	Common shares
Number of shares corresponding to share acquisition rights (Shares)	21,900 *2,6
Payment amount on exercise of share acquisition rights (Yen)	1
Exercise period for share acquisition rights	From: July 10, 2015 To: July 9, 2045
Issue price and amount paid into capital on issuance of shares from exercise of share acquisition rights (Yen)	Issue price 1,518 *3,6 Amount paid into capital 759 *6
Conditions for exercising share acquisition rights	*4
Matters concerning transfer of share acquisition rights	The acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of the Company.
Matters concerning substitute payment	—
Matters concerning delivery of share acquisition rights in connection with reorganization	*5

Note: Details are provided as of the end of the fiscal year under review (March 31, 2026). As of the end of the month prior to the filing date (May 31, 2026), there were no changes in the details to be stated from those as of the end of the fiscal year under review. Therefore, information as of the end of the month prior to the filing date is omitted.

*1. The persons to be allotted share acquisition rights, the number of these persons, and the number of share acquisition rights allotted to these persons are as follows.

Company directors (excluding directors who are Audit and Supervisory Committee Members and outside directors; the same applies hereinafter) 3 persons, 99 rights

Company executive officers (excluding those concurrently serving as directors; the same applies hereinafter) 11 persons, 112 rights

The number of shares per share acquisition right (hereinafter referred to as the “Number of Shares Granted”) shall be 300.

*2. Through *6. are the same as those in the notes to “FY2011 share acquisition rights.”

FY2016 share acquisition rights

Date of resolution	As of June 23, 2016
Number of share acquisition rights	63 *1
Of share acquisition rights, number of treasury share acquisition rights	—
Class of shares corresponding to share acquisition rights	Common shares
Number of shares corresponding to share acquisition rights (Shares)	18,900 *2,6
Payment amount on exercise of share acquisition rights (Yen)	1
Exercise period for share acquisition rights	From: July 9, 2016 To: July 8, 2046
Issue price and amount paid into capital on issuance of shares from exercise of share acquisition rights (Yen)	Issue price 1,752 *3,6 Amount paid into capital 876 *6
Conditions for exercising share acquisition rights	*4
Matters concerning transfer of share acquisition rights	The acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of the Company.
Matters concerning substitute payment	—
Matters concerning delivery of share acquisition rights in connection with reorganization	*5

Note: Details are provided as of the end of the fiscal year under review (March 31, 2026). As of the end of the month prior to the filing date (May 31, 2026), there were no changes in the details to be stated from those as of the end of the fiscal year under review. Therefore, information as of the end of the month prior to the filing date is omitted.

*1. The persons to be allotted share acquisition rights, the number of these persons, and the number of share acquisition rights allotted to these persons are as follows.

Company directors (excluding directors who are Audit and Supervisory Committee Members and outside directors; the same applies hereinafter) 3 persons, 85 rights

Company executive officers (excluding those concurrently serving as directors; the same applies hereinafter) 10 persons, 88 rights

The number of shares per share acquisition right (hereinafter referred to as the “Number of Shares Granted”) shall be 300.

*2. Through *6. are the same as those in the notes to “FY2011 share acquisition rights.”

FY2017 share acquisition rights

Date of resolution	As of June 22, 2017
Number of share acquisition rights	63 *1
Of share acquisition rights, number of treasury share acquisition rights	—
Class of shares corresponding to share acquisition rights	Common shares
Number of shares corresponding to share acquisition rights (Shares)	18,900 *2,6
Payment amount on exercise of share acquisition rights (Yen)	1
Exercise period for share acquisition rights	From: July 8, 2017 To: July 7, 2047
Issue price and amount paid into capital on issuance of shares from exercise of share acquisition rights (Yen)	Issue price 1,914 *3,6 Amount paid into capital 957 *6
Conditions for exercising share acquisition rights	*4
Matters concerning transfer of share acquisition rights	The acquisition of share acquisition rights by transfer requires the approval of the Board of Directors of the Company.
Matters concerning substitute payment	—
Matters concerning delivery of share acquisition rights in connection with reorganization	*5

*1. The persons to be allotted share acquisition rights, the number of these persons, and the number of share acquisition rights allotted to these persons are as follows.

Company directors (excluding directors who are Audit and Supervisory Committee Members and outside directors; the same applies hereinafter) 3 persons, 85 rights

Company executive officers (excluding those concurrently serving as directors; the same applies hereinafter) 12 persons, 108 rights

The number of shares per share acquisition right (hereinafter referred to as the “Number of Shares Granted”) shall be 300.

*2. Through *6. are the same as those in the notes to “FY2011 share acquisition rights.”

ii. Details of rights plan

Not applicable.

iii. Information on other share acquisition rights, etc.

Not applicable.

(3) Information on exercise of moving strike convertible bonds with share acquisition rights

Not applicable.

(4) Changes in the total number of issued shares, share capital, etc.

Date	Increase/ decrease in total number of issued shares (Thousand shares)	Shares issued and outstanding (Thousand shares)	Increase/ decrease in share capital (million yen)	Balance of share capital (million yen)	Increase/ decrease in legal capital surplus (million yen)	Balance of legal capital surplus (million yen)
February 10, 2023 *1	(4,200)	307,386	—	21,279	—	16,392
April 17, 2024 *2	(10,842)	296,544	—	21,279	—	16,392
October 1, 2024 *3	593,088	889,632	—	21,279	—	16,392

Notes:

1. Decrease due to cancellation of treasury shares.

2. Decrease due to cancellation of treasury shares.

3. This is due to a stock split (1:3).

(5) Composition of issued shares by type of shareholder

As of March 31, 2026

AS of March 31, 2020

Category	Status of shares (one unit of stock: 100 shares)								Number of shares less than one unit (Shares)
	Governments and municipalities	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (Persons)	1	68	40	381	962	172	51,249	52,873	—
Shares held (units)	60	3,600,545	214,404	215,422	3,753,445	1,214	1,106,003	8,891,093	522,895
Ownership as a percentage of total shares (%)	0.00	40.49	2.41	2.42	42.21	0.01	12.43	100.00	—

Notes:

1. 29,656,758 shares of treasury shares are included in the listings of 296,567 units in “Individuals and others” and 58 shares in “Number of shares less than one unit.”

2. “Other corporations” above includes 120 units of shares held under the name of the Japan Securities Depository Center, Incorporated.

(6) Major shareholders

As of March 31, 2026

Name	Address	Shares held (Thousand shares)	Ownership as a percentage of total issued shares (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	1-8-1, Akasaka, Minato-ku, Tokyo	157,523	18.31
Custody Bank of Japan, Ltd. (Trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	67,193	7.81
Sumitomo Life Insurance Company	2-2-1, Yaesu, Chuo-ku, Tokyo	55,812	6.48
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1, Konan, Minato-ku, Tokyo)	35,504	4.12
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	1-3-2, Marunouchi, Chiyoda-ku, Tokyo	28,455	3.30
Nippon Life Insurance Company	1-6-6, Marunouchi, Chiyoda-ku, Tokyo	25,227	2.93
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (2-15-1 Konan, Minato-ku, Tokyo)	11,142	1.29
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1, Konan, Minato-ku, Tokyo)	9,733	1.13
Sumitomo Mitsui Banking Corporation	1-1-2, Marunouchi, Chiyoda-ku, Tokyo	9,651	1.12
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch Securities Services Operations)	1 QUEEN'S ROAD CENTRAL, HONG KONG (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	8,774	1.02
Total	—	409,017	47.56

Notes:

1. In the large shareholding report made available to the public on March 6, 2015, SMBC Nikko Securities Inc., Sumitomo Mitsui Banking Corporation, and Kansai Urban Banking Corporation jointly state that they each own shares of the Company as of February 27, 2015 as described below. However, as the Company is unable to confirm this share ownership and other information as of March 31, 2026, these companies are not included in the above list of major shareholders. The content of the aforementioned large shareholding report is as follows.

As of February 27, 2015

Name	Address	Number of share certificates, etc. held (Shares)	Percentage of share certificates, etc. held (%)
SMBC Nikko Securities Inc.	3-3-1, Marunouchi, Chiyoda-ku, Tokyo	508,000	0.14
Sumitomo Mitsui Banking Corporation	1-1-2, Marunouchi, Chiyoda-ku, Tokyo	16,049,588	4.57
Kansai Urban Banking Corporation	1-2-4, Nishishinsaibashi, Chuo-ku, Osaka-shi, Osaka	1,113,242	0.32
Total	—	17,670,830	5.03

2. In the large shareholding report made available to the public on June 21, 2023, NOMURA ASSET MANAGEMENT CO., LTD. and NOMURA INTERNATIONAL PLC. jointly state that they each own shares of the Company as of June 15, 2023 as described below. However, as the Company is unable to confirm this share ownership and other information as of March 31, 2026, these companies are not included in the above list of major shareholders. The content of the aforementioned large shareholding report is as follows.

As of June 15, 2023

Name	Address	Number of share certificates, etc. held (Shares)	Percentage of share certificates, etc. held (%)
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	318,510	0.10
NOMURA ASSET MANAGEMENT CO., LTD.	2-2-1 Toyosu, Koto-ku, Tokyo	18,403,900	5.99
Total	—	18,722,410	6.09

3. In the large shareholding report made available to the public on January 7, 2025, BlackRock Japan Co. Ltd., an international discretionary investment management company, jointly with eleven affiliates jointly state that they each own shares of the Company as of December 31, 2024 as described below. However, as the Company is unable to confirm this share ownership and other information as of March 31, 2026, these companies are not included in the above list of major shareholders. The content of the aforementioned large shareholding report is as follows.

As of December 31, 2024

Name	Address	Number of share certificates, etc. held (Shares)	Percentage of share certificates, etc. held (%)
BlackRock Japan Co., Ltd.	1-8-3 Marunouchi, Chiyoda-ku, Tokyo	16,746,700	1.88
Apewrio Group, LLC	3 Harbor Drive, Suite 204, Sausalito, California, U.S.	956,092	0.11
BlackRock Investment Management(Australia)Limited	Chifley Tower Level 37, 2 Chifley Square, Sydney, New South Wales, Australia	906,600	0.10
BlackRock (Netherlands) BV	HAI096 Amstelplein 1, Amsterdam, Netherlands	2,727,019	0.31
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, UK	3,059,793	0.34
BlackRock (Luxembourg) S.A.	35a Avenue JF Kennedy, L-1855 Luxembourg	1,903,100	0.21
BlackRock Asset Management Canada Limited	161 Bay Street, Suite 2500 Toronto, Ontario, Canada	1,089,100	0.12
BlackRock Asset Management Ireland Limited	1F, 2 Ballsbridge Park, Ballsbridge, Dublin, Republic of Ireland	7,316,272	0.82
BlackRock Fund Advisors	Howard Street 400, San Francisco, California, U.S.	18,060,600	2.03
BlackRock Institutional Trust Company, N.A.	Howard Street 400, San Francisco, California, U.S.	10,547,780	1.19
BlackRock Investment Management(UK)Limited	12 Throgmorton Avenue, London, UK	1,012,079	0.11
Total	—	64,325,135	7.23

4. In the large shareholding report made available to the public on September 19, 2025, Sumitomo Mitsui Trust Bank, Limited, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Amova Asset Management Co., Ltd. jointly state that they each own shares of the Company as of September 15, 2025 as described below. However, as the Company is unable to confirm this share ownership and other information as of March 31, 2026, these companies are not included in the above list of major shareholders. The content of the aforementioned large shareholding report is as follows.

As of September 15, 2025

Name	Address	Number of share certificates, etc. held (Shares)	Percentage of share certificates, etc. held (%)
Sumitomo Mitsui Trust Bank, Limited	1-4-1, Marunouchi, Chiyoda-ku, Tokyo	9,000,000	1.01
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1, Shibakoen, Minato-ku, Tokyo	21,821,029	2.45
Amova Asset Management Co., Ltd.	9-7-1, Akasaka, Minato-ku, Tokyo	25,732,700	2.89
Total	—	56,553,729	6.36

(7) Information on voting rights

i. Issued shares

As of March 31, 2026

Category	Number of shares (Shares)	Number of voting rights	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury shares, etc.)	Common shares 29,656,700	—	—
Shares with full voting rights (others)	Common shares 859,452,600	8,594,526	—
Shares less than one unit	Common shares 522,895	—	Shares less than one unit (one unit = 100 shares)
Shares issued and outstanding	889,632,195	—	—
Total number of voting rights held by all shareholders	—	8,594,526	—

Note:

“Shares with full voting rights (others)” above includes 12,000 shares (120 voting rights) held under the name of the Japan Securities Depository Center, Incorporated.

ii. Treasury shares, etc.

As of March 31, 2026

Shareholder name	Shareholder address	Number of shares held under own name (Shares)	Number of shares held under another name (Shares)	Total number of shares held (Shares)	Ownership as a percentage of total issued shares (%)
Shionogi & Co., Ltd.	3-1-8, Doshomachi, Chuo-ku, Osaka	29,656,700	—	29,656,700	3.33
Total	—	29,656,700	—	29,656,700	3.33

2. Information on Acquisition of Treasury Shares, etc.

Class of shares: Acquisition of common stock under Article 155, Item 7 of the Companies Act, and acquisition of common stock under Article 155, Item 13 of the Companies Act

(1) Acquisition by resolution of General Meeting of Shareholders

Not applicable.

(2) Acquisition by resolution of Board of Directors

Not applicable.

(3) Acquisition not based on resolution of the General Meeting of Shareholders or of the Board of Directors

Category	Number of shares (Shares)	Total price (Yen)
Treasury shares acquired during the fiscal year under review	17,381	5,712,868
Treasury shares acquired during the current period	141	459,564

Notes:

1. Treasury shares acquired during the fiscal year under review is 15,285 shares due to the gratis acquisition of transfer-restricted stock and 2,096 shares due to the purchase of shares less than one unit.
2. Treasury shares acquired during the period is 141 shares due to the purchase of shares less than one unit.
3. Treasury shares acquired during the period does not include shares less than one unit purchased from June 1, 2026 to the filing date of this Annual Securities Report.

(4) Status of the disposition and holding of acquired treasury shares

Category	Fiscal year under review		Current period	
	Number of shares	Total amount disposed (Yen)	Number of shares	Total amount disposed (Yen)
Acquired treasury shares for which subscribers were solicited	—	—	—	—
Acquired treasury shares that were disposed of	—	—	—	—
Acquired treasury shares transferred due to merger, share exchange, share delivery or split	—	—	—	—
Other (disposal of treasury shares as restricted stock-based compensation)	200,400	500,298,600	—	—
Other (treasury shares used upon exercise of stock options)	105,000	230,919,150	—	—
Other (disposal of treasury shares through third-party allotment)	—	—	—	—
Total number of treasury shares held	29,656,758	—	29,656,899	—

Notes: Treasury shares held during the period do not include shares of less than one unit purchased from June 1, 2026 to the filing date of this Annual Securities Report.

3. Dividend Policy

The SHIONOGI Group promotes measures that balance growth investment and shareholder returns, with the aim of maximizing corporate value and allowing shareholders to experience medium- to long-term profit growth. Regarding dividends, SHIONOGI set a target of 4.0% or more in dividends on equity, which it aims to increase steadily in accordance with corporate value growth.

For the fiscal year ended March 31, 2026, SHIONOGI elected to pay a year-end dividend of 38 yen per share, an increase of 5 yen from the fiscal year ended March 31, 2025. As a result, the total annual dividend, including the interim dividend, will be 71 yen per share.

With regard to retained earnings, SHIONOGI will make active investments both in Japan and overseas to “expand areas by leveraging our strengths in infectious diseases” and “establish revenue drivers” in order to transform itself into a Healthcare as a Service (HaaS) company that provides healthcare services.

The Articles of Incorporation stipulate that the Company may pay dividends from surplus twice a year, an interim dividend and a year-end dividend. The decision-making bodies for these dividends from surplus are the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend.

(Note) Dividends from surplus for the fiscal year ended March 31, 2026 are as follows. The total dividend amount of 32,679 million yen and the dividend per share of 38 yen for the year-end dividend are included in the matters for resolution of the Annual General Meeting of Shareholders scheduled to be held on June 24, 2026.

Date of resolution	Total dividend amount (million yen)	Dividend per share (Yen)
October 27, 2025 Resolution of the Board of Directors	28,379	33.00
June 24, 2026 Resolution of the Annual General Meeting of Shareholders (Plan)	32,679	38.00

4. Corporate Governance, etc.

(1) Overview of corporate governance

i. Basic policy on corporate governance

Based on the Company Policy of SHIONOGI, its management philosophy, SHIONOGI recognizes that its social mission is not only to supply useful and safe pharmaceuticals but also to contribute to the improvement of health and healthcare for people around the world by providing various health care services that meet customer needs, thereby contributing to the realization of a high-quality life.

Based on SHIONOGI's firm belief that pursuing thorough compliance and fulfilling this mission will lead to the sustainable enhancement of corporate value, SHIONOGI will take necessary measures to continue addressing changes in the business environment and practice transparent and honest management through constructive dialogue with its stakeholders.

ii. Corporate organs, etc.

The Company has adopted the structure of a company with an Audit and Supervisory Committee following a resolution at the General Meeting of Shareholders held on June 18, 2025 to partially amend its Articles of Incorporation to become a company with an Audit and Supervisory Committee. The purpose of this is to evolve the governance structure, strengthen the supervisory function of the Board of Directors over the Representative Director amid the globalization and expansion of its business, and enable the Company to clearly distinguish between matters delegated to the executive side and those resolved by the Board of Directors, thereby establishing a framework that facilitates delegation of authority to ensure swift decision-making and promote in-depth discussions on company-wide medium- to long-term strategies with a focus on balancing the interests of all stakeholders and allowing the Audit and Supervisory Committee to more effectively oversee the overall decision-making process of the executive side by leveraging its authority and working with the internal audit unit. As of the filing date, the Board of Directors consists of six Directors who are not Audit and Supervisory Committee Members and five Directors who are Audit and Supervisory Committee Members. Among the 11 Directors, three are women and one is a non-Japanese national, ensuring diversity in the Board. With the appointment of seven Outside Directors, who constitute the majority of the 11 directors, the Company maintains a structure that enables fair and efficient management. All seven Outside Directors serve as independent directors, recognizing the Company's corporate responsibilities and contributing to highly transparent management.

In fiscal year ended March 31, 2026, the Board of Directors was chaired by Director Keiichi Ando and met once a month in principle, holding a total of 14 meetings, including extraordinary meetings. Specifically, the Board makes decisions on important matters that affect business management, such as corporate governance, company-wide risk management, and the conclusion of important agreements, and supervises business execution by receiving reports on the progress of the compliance activities and operations of each business execution department. The attendance rate of directors was 100% for all Board meetings.

The Company has submitted a proposal (matter for resolution) titled "Election of Seven Directors (excluding Directors who are Audit and Supervisory Committee Members)" for the Annual General Meeting of Shareholders scheduled to be held on June 24, 2026. If this proposal is approved, the Company will have 12 Directors (including eight independent outside directors). The structure of the Board is as stated in "(2) Officers i. List of officers b," and the chairperson of the Board of Directors is Director Keiichi Ando.

Furthermore, the Nomination Advisory Committee and the Compensation Advisory Committee, consisting of a majority of outside officers, have been established as advisory bodies to the Board of Directors. In fiscal year ended March 31, 2026, the Nomination Advisory Committee, chaired by Outside Director Takaoki Fujiwara and consisting of Outside Directors Keiichi Ando, Hiroshi Ozaki, Kyoko Hirose, and Yoriko Goto, and Directors Isao Teshirogi and Noriyuki Kishida (members before the transition to a company with an Audit and Supervisory Committee are Outside Directors Keiichi Ando, Hiroshi Ozaki, Fumi Takatsuki, and Takaoki Fujiwara, Director Isao Teshirogi, Corporate Auditor Noriyuki Kishida, and Outside Corporate Auditor Yoriko Goto), held three meetings. Discussions focused on various topics, such as the appointment of corporate officers, performance evaluation of the representative director, and the appointment criteria of directors, from perspectives such as promoting research activities, balancing the expertise of the Board of Directors, including outside directors, and strengthening management support divisions. The Committee also conducts performance reviews of the President and prepares succession plans for Executive Officers. In addition, through proposals and reports at Board of Directors meetings and roundtable discussions with Corporate Officers, opportunities are provided for outside directors/corporate auditors to engage in dialogue with division heads and key organizational leaders to assess and develop management talent. Meanwhile, in fiscal year ended March 31, 2026, the Compensation Advisory Committee, chaired by Outside Director Hiroshi Ozaki and consisting of Outside Directors Keiichi Ando, Takaoki Fujiwara, Kyoko Hirose, and Yoriko Goto, and Directors Isao Teshirogi and Koji Hanasaki (members before the transition to a company with an Audit and Supervisory Committee are Outside Directors Keiichi Ando, Hiroshi Ozaki, Fumi Takatsuki, and Takaoki Fujiwara, Director Isao Teshirogi, Corporate Auditor Akira Okamoto, and Outside Corporate Auditor Yoriko Goto), held three meetings. Please note that the Compensation Advisory Committee meetings include those held before the transition to a company with an Audit and Supervisory Committee. Discussions focused on topics such as the examination of compensation levels and various compensation ratios, performance evaluation of directors and corporate officers for FY2024, performance indicators for FY2025, and the compensation systems for officers, corporate officers, and employees, including stock-based compensation. The attendance rate of all members of both committees was 100% for all committee meetings. As stated above, the Company has submitted a proposal (matter for resolution) titled "Election of Seven Directors (excluding Directors who are Audit and Supervisory Committee Members)" for the Annual General Meeting of Shareholders scheduled to be held on June 24, 2026. If this

proposal is approved, Outside Director Keiichi Yoshii will be appointed as a member of both the Nomination Advisory Committee and the Compensation Advisory Committee, in addition to the current members.

The Company has introduced a corporate officer system to support dynamic and flexible business operations, enabling SHIONOGI to respond rapidly to drastic changes in the operating environment. As a decision-making body for business execution, the Company has established the Corporate Executive Meeting, which is composed of Internal Directors and key executives responsible for business execution and is, in principle, held weekly. The Corporate Executive Meeting thoroughly deliberates on matters related to the execution of business as well as important management matters.

The business execution framework consists of 12 divisions: the Drug Discovery Research Division, the Pharmaceutical Technology Research Division, and the Drug Development and Regulatory Science Division, which engage in research and development; the Pharmaceutical Commercial Division, which communicates pharmaceutical information; the Integrated Disease Care Division, which collects and analyzes healthcare-related information to maximize the value of products and the Company; the Vaccine Business Division, which establishes and promotes the vaccine business, a new business foundation; the Corporate Strategy Division, which is responsible for formulating company-wide strategies for the optimal allocation and utilization of managerial resources; the Sustainability Management Division, which is responsible for strengthening engagement with stakeholders; the DX Promotion Division, which aims to create healthcare solutions by building infrastructure for data utilization using IT and digital technology; the Corporate Quality Assurance and Ethics & Compliance Management Division, which is responsible for strengthening the compliance system in order to provide products and services of trusted quality; and the Central Pharmaceutical Research Institute and the Development Business Division, engaging in R&D, which were added in December 2025 upon the acquisition of the JT Pharmaceutical Business. These Divisions are supervised based on four major value chains. The Corporate Executive Meeting fully deliberates business execution, and the Board of Directors makes decisions on matters that significantly affect management.

In line with the transition to a company with an Audit and Supervisory Committee, in order to ensure the legality and appropriateness of duties carried out by Directors and each organizational unit, the Company has established a system in which the Audit and Supervisory Committee and the Internal Control Department, which is responsible for internal audits, 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 taking necessary measures. The Audit and Supervisory Committee consists of two Directors who serve as full-time members and three Outside Directors who serve as members, and it is chaired by Director Yoriko Goto. The Audit and Supervisory Committee conducts business and accounting audits in accordance with the “Code of Audit and Supervisory Committee Auditing and Supervising Standards” to verify the legality and appropriateness of the duties carried out by directors and persons responsible for business execution. It also receives reports from the Accounting Auditor on the content of accounting audits and takes actions such as exchanging opinions. In addition, Directors who are Audit and Supervisory Committee Members attend important meetings such as the Corporate Executive Meeting and express necessary opinions. Together with the Audit and Supervisory Committee Office, efforts are being made to enhance deliberations by the Audit and Supervisory Committee. Furthermore, the Committee also receives regular reports from the Internal Control Department on the contents of internal audits and exchanges opinions while issuing instructions to the department as appropriate, thereby ensuring coordination among the Audit and Supervisory Committee, the Accounting Auditor, and the Internal Control Department.

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

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

1. Framework

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

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

2. Roles and Responsibilities

In FY2025, the Company transitioned to a company with an Audit and Supervisory Committee, which we believe has further strengthened supervisory functions over business execution. By sharing the details of discussions and matters reported at Audit and Supervisory Committee meetings with the Board of Directors at each meeting, we aim to reduce the information gap among directors regarding the business execution situation. This has also led the Board of Directors as a whole to engage in more active discussions

by clarifying the matters on which the Board should focus more. Furthermore, the Board of Directors and related meetings hold discussions and exchanges of opinions on matters such as significant individual projects, the next medium-term business plan, and the development of senior management members. Reports on compliance and risk management are also regularly presented at these meetings. Therefore, we conclude that the Board of Directors exercises appropriate supervisory and advisory functions.

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

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

3. Operation

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

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

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

iv. Internal control system, status, etc.

The Company's basic policy regarding internal control systems is as follows, and it works to ensure the establishment of an internal control system in accordance with this policy.

[Basic Policy for the Construction and Operation of the Internal Control System]

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

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

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

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

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

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

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

In order to fulfill its function as a monitoring board, the Board of Directors will distinguish between matters to be delegated to the

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

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

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

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

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

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

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

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

The Internal Control Department (section for internal audits) verifies and evaluates the management of various internal risks independently from an independent standpoint, as described in 7. below.

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

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

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

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

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

The Company will further promote the measures for the compliance with the related laws and regulations and ethical behavior in

its business operations mainly through the Compliance Committee in accordance with “SHIONOGI Group Code of Conduct”.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

When an Audit and Supervisory Committee Member makes a claim to the Company for prepayment of expenses or other obligations related to the execution of their duties, the Company will promptly process such expenses or obligations, except in cases where it is

determined that the expenses or obligations are not necessary for the execution of the duties of the Audit and Supervisory Committee Member.

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

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

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

v. Overview of content of limited liability contracts

The Company has concluded contracts with all outside directors and directors who are Audit and Supervisory Committee members to limit their liability as stipulated in Section 1, Article 423 of the Companies Act to the amount stipulated in the relevant laws and ordinances under the condition that the requirements stipulated therein are fulfilled.

vi. Overview of the content of the directors' and officers' liability insurance contract

The Company executed a directors and officers, etc. (D&O) liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, which covers Directors and Corporate Auditors of the Company and its subsidiary as the insured. Based on the foregoing, the Company will compensate officers, etc. for damages, legal expenses, etc. (excluding, however, exemptions stipulated in the insurance contract) under the insurance contract in cases where they become subject to a claim for damages as a result of execution of their duties during the insurance contract period. The full amount of the insurance premiums for the insurance contract is borne by the Company.

vii. Director membership and requirements for resolution of director appointment

The Company's Articles of Incorporation stipulate that the number of Directors (excluding those who are Audit and Supervisory Committee Members) shall be eight or less and that the number of Directors who are Audit and Supervisory Committee Members shall be seven or less.

In addition, the Company's Articles of Incorporation stipulate that resolutions for the appointment of directors shall be approved by a majority of the voting rights of the shareholders present at a meeting with the attendance of shareholders holding at least one-third of eligible voting rights and that cumulative voting shall not be used in the appointment of directors.

viii. Matters for resolution of the General Meeting of Shareholders that may be resolved by the Board of Directors in accordance with Articles of Incorporation provisions

1. Treasury shares

The Company's Articles of Incorporation stipulate that the Company may acquire its treasury shares through market transactions, etc. in order to implement dynamic capital policy by a resolution of the Board of Directors, pursuant to Article 165, Paragraph 2 of the Companies Act.

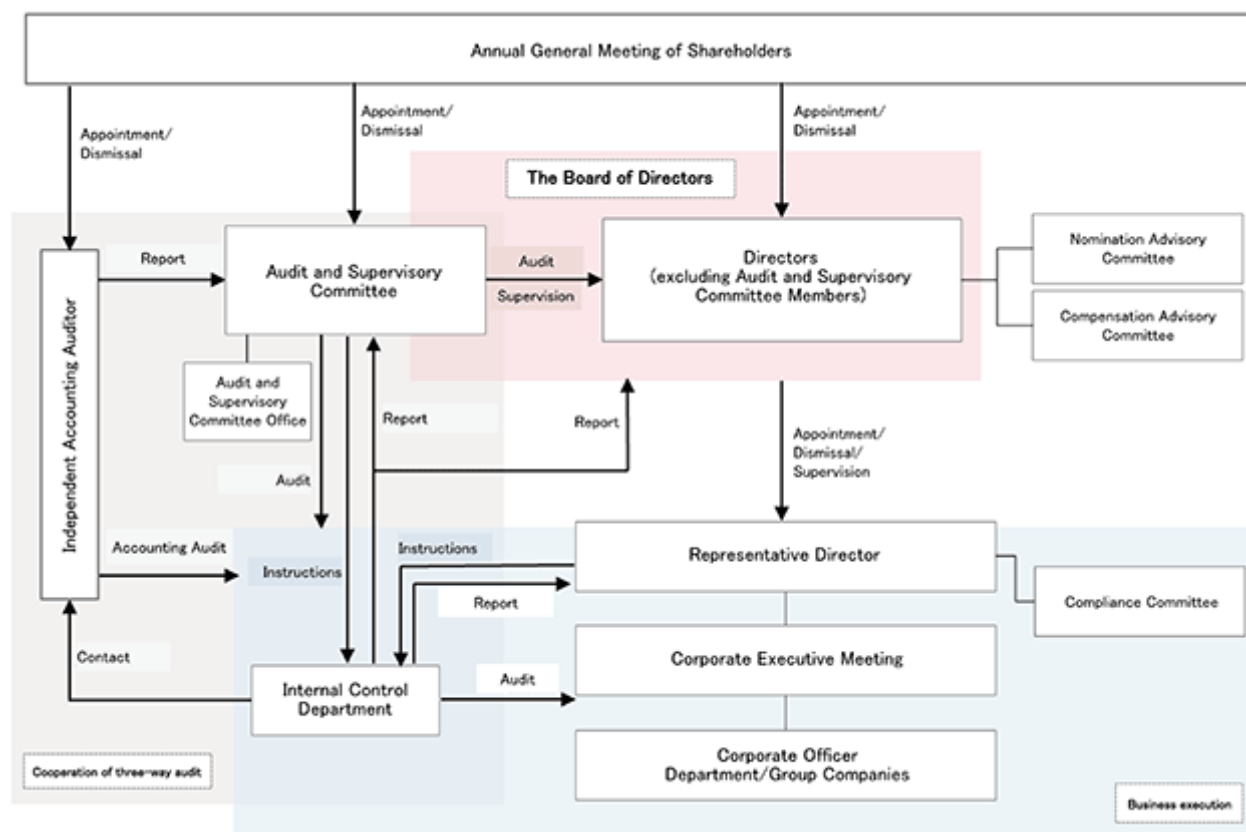
2. Interim dividends

The Company's Articles of Incorporation stipulate that the Company may pay interim dividends with a record date of September 30 of each year in order to dynamically return profits to shareholders by a resolution of the Board of Directors pursuant to Article 454, Paragraph 5 of the Companies Act.

ix. Requirements for special resolution of the General Meeting of Shareholders

The Company's Articles of Incorporation stipulate that special resolutions of the General Meeting of Shareholders as provided for in Article 309, Paragraph 2 of the Companies Act shall require approval by a supermajority of two-thirds of the voting rights of the shareholders present at a meeting with the attendance of shareholders holding at least one-third of eligible voting rights. This is intended to facilitate the smooth operation of the General Meeting of Shareholders by relaxing the quorum for special resolutions of the General Meeting of Shareholders.

The following is a diagram of the Company's corporate governance structure.



(2) Officers

i. List of officers

a. The status of officers as of the filing date is as follows.

Male: 8, Female: 3 (Percentage of female officers: 27.3%)

Title	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousand shares)
Representative Director Chairman of the Board, President and CEO	Isao Teshirogi	December 12, 1959	April 1982 January 1999 June 2002 October 2002 April 2004 April 2006 April 2007 April 2008 June 2021 March 2022 July 2022 June 2024 June 2025	Joined the Company General Manager, Secretary Office and General Manager, Corporate Planning Department Director of the Company General Manager, Corporate Planning Department Executive Officer and Executive General Manager, Pharmaceutical Research & Development Division Senior Executive Officer and Executive General Manager, Pharmaceutical Research & Development Division Senior Executive Officer Representative Director and President of the Company Outside Director of Sumitomo Mitsui Banking Corporation (incumbent) Outside Director of AGC Inc. (incumbent) Representative Director, Chairman of the Board, President and CEO of the Company (incumbent) Outside Director of the Japan Exchange Group, Inc. (incumbent) Outside Director of Sumitomo Mitsui Financial Group, Inc. (scheduled)	Note 3	321
Director	John Keller	December 14, 1964	July 2010 April 2011 April 2013 April 2017 April 2018 July 2021 July 2022 June 2025	Joined Shionogi Inc. (SI) Executive Vice President, Corporate Development and Strategy President and Chief Executive Officer (CEO) of SI Corporate Officer of the Company and President and CEO of SI Senior Executive Officer of the Company and President and CEO of SI Senior Executive Officer and Senior Vice President, Overseas Business Division of the Company Senior Executive Officer and Senior Vice President, Corporate Strategy Division of the Company Senior Executive Officer and Senior Vice President, R&D Supervisory Unit of the Company Director, Senior Executive Officer and Senior Vice President, R&D Supervisory Unit of the Company (incumbent)	Note 3	22

Title	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousand shares)
Director	Keiichi Ando	November 5, 1951	April 1976 April 2003 April 2006 April 2009 April 2010 April 2012 July 2012 June 2016 June 2016 June 2017 June 2019	Joined Sumitomo Bank Limited (now Sumitomo Mitsui Banking Corporation) Executive Officer, Sumitomo Mitsui Banking Corporation Managing Executive Officer, Sumitomo Mitsui Banking Corporation Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation Representative Director and Deputy President and Executive Officer, Sumitomo Mitsui Banking Corporation Representative Director and President, NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD Representative Director and President and CEO, NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD Outside Director of the Company (incumbent) Representative Director and President, GINSEN CO., LTD Outside Director of Tsubakimoto Chain Co. (incumbent) Outside Director of DAIHEN Corporation (incumbent)	Note 3	—
Director	Hiroshi Ozaki	March 11, 1950	May 1972 June 2000 June 2002 June 2005 June 2007 April 2008 June 2008 June 2009 June 2009 June 2011 April 2015 June 2019 January 2021 June 2021 June 2021 June 2024	Joined Osaka Gas Co., Ltd. Director, Osaka Gas Co., Ltd. Director and Tokyo Representative, Osaka Gas Co., Ltd., on loan to the Japan Gas Association Managing Director and General Manager of LNG Terminal and Power Generation Business Unit, Osaka Gas Co., Ltd. Managing Director and General Manager of Commercial & Industrial Energy Business Unit, Osaka Gas Co., Ltd. Representative Director and President, Osaka Gas Co., Ltd. Director, Osaka Gas Chemicals Co., Ltd. Representative Director and President, Operating Executive Officer, Osaka Gas Co., Ltd. Director of OGIS-RI Co., Ltd. Outside Director of Asahi Broadcasting Corporation (Current name is Asahi Broadcasting Group Holdings Corporation) Representative Director and Chairman, Osaka Gas Co., Ltd. Outside Director of the Company (incumbent) Director and Senior Advisor, Osaka Gas Co., Ltd. Senior Advisor, Osaka Gas Co., Ltd. (incumbent) Outside Director, The Royal Hotel, Ltd. (incumbent) Outside Director, Hiroshima Gas Co., Ltd. (incumbent)	Note 3	—
Director	Takaoki Fujiwara	February 23, 1952	April 1975 June 2005 June 2007 April 2011 June 2011 April 2015 April 2017 June 2017 June 2017 December 2017 June 2018 April 2023 June 2023	Joined Hanshin Electric Railway Co., Ltd. Director, Hanshin Electric Railway Co., Ltd. Managing Director, Hanshin Electric Railway Co., Ltd. Representative Director and President, Hanshin Electric Railway Co., Ltd. Director, Hankyu Hanshin Holdings, Inc. Chairman and Representative Director, Hanshin Hotel Systems, Co., Ltd. Chairman of the Board of Directors and Representative Director, Hanshin Electric Railway Co., Ltd. Representative Director, Hankyu Hanshin Holdings, Inc. Outside Director, Sanyo Electric Railway Co., Ltd. Director, Hanshin Hotel Systems Co., Ltd. Outside Member of the Board of Corporate Auditors of the Company Advisor of Hanshin Electric Railway Co., Ltd. (incumbent) Outside Director of the Company (incumbent)	Note 3	—
Director	Kyoko Hirose	March 27, 1959	March 1982 March 1983 December 2001 November 2020 May 2022 June 2024 June 2025	Joined Hirose Manufacturing Co., Ltd. Director of Hirose Manufacturing Co., Ltd. President of Hirose Manufacturing Co., Ltd. (incumbent) Vice-Chair of the Osaka Chamber of Commerce and Industry (incumbent) Outside Director of Kintetsu Department Store Co., Ltd. (incumbent) Outside Director (Audit and Supervisory Committee Member) of Okumura Corporation (incumbent) Outside Director of the Company (incumbent)	Note 3	—

Title	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousand shares)
Director Standing Audit and Supervisory Committee Member	Noriyuki Kishida	August 3, 1960	April 1984 October 2004 April 2009 April 2011 April 2017 April 2020 July 2021 July 2022 June 2024 June 2025	Joined the Company General Manager, Corporate Communications Office General Manager, Corporate Communications Office and Secretary Office General Manager, Human Resources Department Corporate Officer and General Manager, Human Resources and General Administration Department Senior Executive Officer and Senior Vice President, Administration Division Senior Executive Officer and Senior Vice President, Administration Division and General Manager of Legal Affairs Department Senior Executive Officer and Senior Vice President, Corporate Supervisory Unit Standing Member of the Board of Corporate Auditors of the Company Director (Audit and Supervisory Committee Member) of the Company (incumbent)	Note 4	22
Director Standing Audit and Supervisory Committee Member	Koji Hanasaki	December 9, 1961	April 1986 April 2009 April 2010 April 2015 April 2017 April 2018 July 2021 July 2022 April 2025 June 2025	Joined the Company General Manager, Discovery Research Laboratories Corporate Officer, Executive General Manager, Pharmaceutical Research Division Corporate Officer, General Manager, Finance & Accounting Department Senior Executive Officer, General Manager, Finance & Accounting Department Senior Executive Officer, Senior Vice President, Corporate Strategy Division Senior Executive Officer, Senior Vice President, Global Business Division Senior Executive Officer, Senior Vice President, Supply Supervisory Unit Senior Executive Officer Director (Member of the Audit and Supervisory Committee) of the Company (incumbent)	Note 4	81
Director Audit and Supervisory Committee Member	Shuichi Okuhara	April 23, 1968	April 1994 January 1998 June 2008 April 2009 June 2019 June 2020 June 2025	Joined Andersen Consulting Co., Ltd. (now Accenture Japan Ltd.) Joined Nippon Venture Capital Co., Ltd. Director and Manager of Investment Department, Nippon Venture Capital Co., Ltd. Representative Director and President of Nippon Venture Capital Co., Ltd. Representative Director and Chairman of Nippon Venture Capital Co., Ltd. (incumbent) Outside Member of the Board of Corporate Auditors of the Company Director (Member of the Audit and Supervisory Committee) of the Company (incumbent)	Note 4	—
Director Audit and Supervisory Committee Member	Fumi Takatsuki	June 24, 1975	October 2000 October 2000 December 2003 February 2004 April 2006 January 2009 June 2020 June 2023 June 2024 June 2025	Registration of Attorney at Law Joined Oike Law Offices Joined Anderson Mori & Tomotsune Law Offices Service at Beijing Office of Anderson Mori & Tomotsune Law Offices Joined Oh-Ebashi LPC & Partners Partner of Oh-Ebashi LPC & Partners (incumbent) Outside Director of the Company Outside Corporate Auditor of Sankyo Seiko Co., Ltd. (incumbent) Outside Corporate Auditor of Daikin Industries, Ltd. (incumbent) Director (Member of the Audit and Supervisory Committee) of the Company (incumbent)	Note 4	—

Title	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousand shares)
Director Audit and Supervisory Committee Member	Yoriko Goto	November 11, 1958	November 1983	Joined Deloitte Haskins and Sells International (now Deloitte Touche Tohmatsu LLC)	Note 4	—
			June 1996	Partner of Deloitte Touche Tohmatsu Limited (now Deloitte Touche Tohmatsu LLC)		
			June 2007	Japan Leader of the Global Financial Services Industry, Deloitte Touche Tohmatsu Limited		
			October 2010	Managing Partner of the Financial Services Industry, Deloitte Touche Tohmatsu LLC		
			October 2013	Member of the Executive Committee of Deloitte Touche Tohmatsu LLC, and Member of the Board of Deloitte Touche Tohmatsu Limited		
			June 2018	Chairperson of the Board of Deloitte Touche Tohmatsu LLC and the Deloitte Tohmatsu Group, and Member of the Board of Deloitte Touche Tohmatsu Limited		
			November 2018	Member of the 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 (incumbent)		
			June 2023	Outside Member of the Board of Corporate Auditors of the Company		
			June 2025	Outside Director (Audit and Supervisory Committee Member) of the Company (incumbent)		
			June 2025	Outside Director of Sumitomo Mitsui Financial Group, Inc. (scheduled)		
			June 2025	Outside Director of Sony Group Corporation (scheduled)		
Total						447

Notes:

1. Directors Keiichi Ando, Hiroshi Ozaki, Takaoki Fujiwara, and Kyoko Hirose are outside directors who are not members of the Audit and Supervisory Committee.
2. Directors Shuichi Okuhara, Fumi Takatsuki, and Yoriko Goto are outside directors who are members of the Audit and Supervisory Committee.
3. The term of office for directors who are not members of the Audit and Supervisory Committee refers to their terms during the period from the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2025, to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2026.
4. The term of office for directors who are members of the Audit and Supervisory Committee refers to their terms during the period from the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2025, to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2027.
5. In preparation for a shortage in the number of Directors who are Audit and Supervisory Committee Members as provided for in laws and regulations, the Company has elected one (1) substitute Director who is an Audit and Supervisory Committee Member as stipulated in Article 329, Paragraph 3 of the Companies Act. The appointment shall remain effective until the commencement of the Company's 162nd Annual General Meeting of Shareholders to be held in 2027. The substitute Director who is an Audit and Supervisory Committee Member is as follows:

Name	Date of birth	Position and responsibilities at the Company	Shares held (thousand shares)
Kyoko Hirose	March 27, 1959	Outside Director	—

b. The Company has proposed “Election of Seven Directors (excluding Directors who are Audit and Supervisory Committee Members)” as an agenda item (matter for resolution) for the Annual General Meeting of Shareholders scheduled to be held on June 24, 2026. If this proposal is approved, the status of the Company’s officers will be as follows. The positions and titles of the officers listed here include the matters (positions, etc.) for resolution at the Board of Directors meeting scheduled to be held immediately after the Annual General Meeting of Shareholders.

Male: 9, Female: 3 (Percentage of female officers: 25.0%)

Title	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousand shares)
Representative Director Chairman of the Board, President and CEO	Isao Teshirogi	December 12, 1959	April 1982 January 1999 June 2002 October 2002 April 2004 April 2006 April 2007 April 2008 June 2021 March 2022 July 2022 June 2024 June 2025	Joined the Company General Manager, Secretary Office and General Manager, Corporate Planning Department Director of the Company General Manager, Corporate Planning Department Executive Officer and Executive General Manager, Pharmaceutical Research & Development Division Senior Executive Officer and Executive General Manager, Pharmaceutical Research & Development Division Senior Executive Officer Representative Director and President of the Company Outside Director of Sumitomo Mitsui Banking Corporation (incumbent) Outside Director of AGC Inc. (incumbent) Representative Director, Chairman of the Board, President and CEO of the Company (incumbent) Outside Director of the Japan Exchange Group, Inc. (incumbent) Outside Director of Sumitomo Mitsui Financial Group, Inc. (scheduled)	Note 3	321
Director	John Keller	December 14, 1964	July 2010 April 2011 April 2013 April 2017 April 2018 July 2021 July 2022 June 2025	Joined Shionogi Inc. (SI) Executive Vice President, Corporate Development and Strategy President and Chief Executive Officer (CEO) of SI Corporate Officer of the Company and President and CEO of SI Senior Executive Officer of the Company and President and CEO of SI Senior Executive Officer and Senior Vice President, Overseas Business Division of the Company Senior Executive Officer and Senior Vice President, Corporate Strategy Division of the Company Senior Executive Officer and Senior Vice President, R&D Supervisory Unit of the Company Director, Senior Executive Officer and Senior Vice President, R&D Supervisory Unit of the Company (incumbent)	Note 3	22

Title	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousand shares)
Director	Keiichi Ando	November 5, 1951	April 1976 April 2003 April 2006 April 2009 April 2010 April 2012 July 2012 June 2016 June 2016 June 2017 June 2019	Joined Sumitomo Bank Limited (now Sumitomo Mitsui Banking Corporation) Executive Officer, Sumitomo Mitsui Banking Corporation Managing Executive Officer, Sumitomo Mitsui Banking Corporation Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation Representative Director and Deputy President and Executive Officer, Sumitomo Mitsui Banking Corporation Representative Director and President, NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD Representative Director and President and CEO, NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD Outside Director of the Company (incumbent) Representative Director and President, GINSEN CO., LTD Outside Director of Tsubakimoto Chain Co. (incumbent) Outside Director of DAIHEN Corporation (incumbent)	Note 3	—
Director	Hiroshi Ozaki	March 11, 1950	May 1972 June 2000 June 2002 June 2005 June 2007 April 2008 June 2008 June 2009 June 2009 June 2011 April 2015 June 2019 January 2021 June 2021 June 2021 June 2024	Joined Osaka Gas Co., Ltd. Director, Osaka Gas Co., Ltd. Director and Tokyo Representative, Osaka Gas Co., Ltd., on loan to the Japan Gas Association Managing Director and General Manager of LNG Terminal and Power Generation Business Unit, Osaka Gas Co., Ltd. Managing Director and General Manager of Commercial & Industrial Energy Business Unit, Osaka Gas Co., Ltd. Representative Director and President, Osaka Gas Co., Ltd. Director, Osaka Gas Chemicals Co., Ltd. Representative Director and President, Operating Executive Officer, Osaka Gas Co., Ltd. Director of OGIS-RI Co., Ltd. Outside Director of Asahi Broadcasting Corporation (Current name is Asahi Broadcasting Group Holdings Corporation) Representative Director and Chairman, Osaka Gas Co., Ltd. Outside Director of the Company (incumbent) Director and Senior Advisor, Osaka Gas Co., Ltd. Senior Advisor, Osaka Gas Co., Ltd. (incumbent) Outside Director, The Royal Hotel, Ltd. (incumbent) Outside Director, Hiroshima Gas Co., Ltd. (incumbent)	Note 3	—
Director	Takaoki Fujiwara	February 23, 1952	April 1975 June 2005 June 2007 April 2011 June 2011 April 2015 April 2017 June 2017 June 2017 December 2017 June 2018 April 2023 June 2023	Joined Hanshin Electric Railway Co., Ltd. Director, Hanshin Electric Railway Co., Ltd. Managing Director, Hanshin Electric Railway Co., Ltd. Representative Director and President, Hanshin Electric Railway Co., Ltd. Director, Hankyu Hanshin Holdings, Inc. Chairman and Representative Director, Hanshin Hotel Systems, Co., Ltd. Chairman of the Board of Directors and Representative Director, Hanshin Electric Railway Co., Ltd. Representative Director, Hankyu Hanshin Holdings, Inc. Outside Director, Sanyo Electric Railway Co., Ltd. Director, Hanshin Hotel Systems Co., Ltd. Outside Member of the Board of Corporate Auditors of the Company Advisor of Hanshin Electric Railway Co., Ltd. (incumbent) Outside Director of the Company (incumbent)	Note 3	—
Director	Kyoko Hirose	March 27, 1959	March 1982 March 1983 December 2001 November 2020 May 2022 June 2024 June 2025	Joined Hirose Manufacturing Co., Ltd. Director of Hirose Manufacturing Co., Ltd. President of Hirose Manufacturing Co., Ltd. (incumbent) Vice-Chair of the Osaka Chamber of Commerce and Industry (incumbent) Outside Director of Kintetsu Department Store Co., Ltd. (incumbent) Outside Director (Audit and Supervisory Committee Member) of Okumura Corporation (incumbent) Outside Director of the Company (incumbent)	Note 3	—

Title	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousand shares)
Director	Keiichi Yoshii	May 27, 1958	June 1990 April 2010 June 2011 April 2013 April 2016 November 2017 June 2019 July 2022 April 2025 June 2026	Joined Daiwa House Industry Co., Ltd. Executive Officer of Daiwa House Industry Co., Ltd. Director, Senior Executive Officer, Head of Overseas Business and in charge of overseas business of Daiwa House Industry Co., Ltd. Director, Managing Executive Officer and Tokyo Head Branch Manager of Daiwa House Industry Co., Ltd. Director, Senior Managing Executive Officer, Tokyo Head Branch Manager and Head of Sales Headquarters of Daiwa House Industry Co., Ltd. Representative Director and President, COO of Daiwa House Industry Co., Ltd. Representative Director and President, CEO and COO of Daiwa House Industry Co., Ltd. Vice-Chair of the Osaka Chamber of Commerce and Industry (incumbent) Representative Director and Chairman, CEO and Head of Overseas Division of Daiwa House Industry Co., Ltd. (incumbent) Outside Director of the Company (scheduled)	Note 3	—
Director Standing Audit and Supervisory Committee Member	Noriyuki Kishida	August 3, 1960	April 1984 October 2004 April 2009 April 2011 April 2017 April 2020 July 2021 July 2022 June 2024 June 2025	Joined the Company General Manager, Corporate Communications Office General Manager, Corporate Communications Office and Secretary Office General Manager, Human Resources Department Corporate Officer and General Manager, Human Resources and General Administration Department Senior Executive Officer and Senior Vice President, Administration Division Senior Executive Officer and Senior Vice President, Administration Division and General Manager of Legal Affairs Department Senior Executive Officer and Senior Vice President, Corporate Supervisory Unit Standing Member of the Board of Corporate Auditors of the Company Director (Audit and Supervisory Committee Member) of the Company (incumbent)	Note 4	22
Director Standing Audit and Supervisory Committee Member	Koji Hanasaki	December 9, 1961	April 1986 April 2009 April 2010 April 2015 April 2017 April 2018 July 2021 July 2022 April 2025 June 2025	Joined the Company General Manager, Discovery Research Laboratories Corporate Officer, Executive General Manager, Pharmaceutical Research Division Corporate Officer, General Manager, Finance & Accounting Department Senior Executive Officer, General Manager, Finance & Accounting Department Senior Executive Officer, Senior Vice President, Corporate Strategy Division Senior Executive Officer, Senior Vice President, Global Business Division Senior Executive Officer, Senior Vice President, Supply Supervisory Unit Senior Executive Officer Director (Member of the Audit and Supervisory Committee) of the Company (incumbent)	Note 4	81
Director Audit and Supervisory Committee Member	Shuichi Okuhara	April 23, 1968	April 1994 January 1998 June 2008 April 2009 June 2019 June 2020 June 2025	Joined Andersen Consulting Co., Ltd. (now Accenture Japan Ltd.) Joined Nippon Venture Capital Co., Ltd. Director and Manager of Investment Department, Nippon Venture Capital Co., Ltd. Representative Director and President of Nippon Venture Capital Co., Ltd. Representative Director and Chairman of Nippon Venture Capital Co., Ltd. (incumbent) Outside Member of the Board of Corporate Auditors of the Company Director (Member of the Audit and Supervisory Committee) of the Company (incumbent)	Note 4	—

Title	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousand shares)
Director Audit and Supervisory Committee Member	Fumi Takatsuki	June 24, 1975	October 2000 October 2000 December 2003 February 2004 April 2006 January 2009 June 2020 June 2023 June 2024 June 2025	Registration of Attorney at Law Joined Oike Law Offices Joined Anderson Mori & Tomotsune Law Offices Service at Beijing Office of Anderson Mori & Tomotsune Law Offices Joined Oh-Ebashi LPC & Partners Partner of Oh-Ebashi LPC & Partners (incumbent) Outside Director of the Company Outside Corporate Auditor of Sankyo Seiko Co., Ltd. (incumbent) Outside Corporate Auditor of Daikin Industries, Ltd. (incumbent) Director (Member of the Audit and Supervisory Committee) of the Company (incumbent)	Note 4	—
Director Audit and Supervisory Committee Member	Yoriko Goto	November 11, 1958	November 1983 June 1996 June 2007 October 2010 October 2013 June 2018 November 2018 October 2022 October 2022 June 2023 June 2025 June 2025 June 2025	Joined Deloitte Haskins and Sells International (now Deloitte Touche Tohmatsu LLC) Partner of Deloitte Touche Tohmatsu Limited (now Deloitte Touche Tohmatsu LLC) Japan Leader of the Global Financial Services Industry, Deloitte Touche Tohmatsu Limited Managing Partner of the Financial Services Industry, Deloitte Touche Tohmatsu LLC Member of the Executive Committee of Deloitte Touche Tohmatsu LLC, and Member of the Board of Deloitte Touche Tohmatsu Limited Chairperson of the Board of Deloitte Touche Tohmatsu LLC and the Deloitte Tohmatsu Group, and Member of the Board of Deloitte Touche Tohmatsu Limited Member of the Board of Deloitte Asia Pacific Limited President of Yoriko Goto CPA Office (incumbent) Outside Director (Member of the Audit and Supervisory Committee) of Sumitomo Mitsui Banking Corporation (incumbent) Outside Member of the Board of Corporate Auditors of the Company Outside Director (Audit and Supervisory Committee Member) of the Company (incumbent) Outside Director of Sumitomo Mitsui Financial Group, Inc. (scheduled) Outside Director of Sony Group Corporation (scheduled)	Note 4	—
Total						447

Notes:

- Directors Keiichi Ando, Hiroshi Ozaki, Takaoki Fujiwara, Kyoko Hirose and Keiichi Yoshii are outside directors who are not members of the Audit and Supervisory Committee.
- Directors Shuichi Okuhara, Fumi Takatsuki, and Yoriko Goto are outside directors who are members of the Audit and Supervisory Committee.
- The term of office for directors who are not members of the Audit and Supervisory Committee refers to their terms during the period from the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2026, to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2027.
- The term of office for directors who are members of the Audit and Supervisory Committee refers to their terms during the period from the conclusion of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2025, to the conclusion of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2027.
- In preparation for a shortage in the number of Directors who are Audit and Supervisory Committee Members as provided for in laws and regulations, the Company has elected one (1) substitute Director who is an Audit and Supervisory Committee Member as stipulated in Article 329, Paragraph 3 of the Companies Act. The appointment shall remain effective until the commencement of the Company's 162nd Annual General Meeting of Shareholders to be held in 2027. The substitute Director who is an Audit and Supervisory Committee Member is as follows:

Name	Date of birth	Position and responsibilities at the Company	Shares held (thousand shares)
Kyoko Hirose	March 27, 1959	Outside Director	—

ii. Outside Directors

The Company has four Outside Directors who are not members of the Audit and Supervisory Committee and three Outside Directors who are members of the Audit and Supervisory Committee. With the appointment of seven Outside Directors, who constitute the majority of the 11 directors, the Company maintains a structure that enables fair and efficient management. All seven Outside Directors serve as independent directors, recognizing the Company's corporate responsibilities and contributing to highly transparent management.

Keiichi Ando	Keiichi Ando is expected to leverage his experience and broad insights in finance as the top management of a financial institution, recognize the corporate responsibility we should fulfill, and make management decisions with an emphasis on objectivity and impartiality and a higher-level perspective, without bias toward corporate executives or specific stakeholders. At Board of Directors meetings, he raises many questions, offers valuable opinions, and provides sound advice on budget management, investments and M&As as part of growth strategies, capital policies, and risk management. As chair of the Board, he also takes into account the timeliness of the agenda and the effective utilization of important management resources. He has served as an outside director of the Company for over 10 years, and from the perspectives mentioned above, he has contributed to highly transparent management as an independent director. There are no conflicts of interest between Keiichi Ando and the Company. Keiichi Ando is registered as an independent director as defined in the regulations of the Tokyo Stock Exchange.
Hiroshi Ozaki	As an executive of a Kansai-based company, Hiroshi Ozaki is expected to leverage his extensive practical experience and broad insights in corporate management and organizational operations, to recognize the corporate responsibility the Company should fulfill, and to make management decisions with an emphasis on objectivity and impartiality and a higher-level perspective, without bias toward corporate executives or specific stakeholders. At the Company's Board of Directors meetings, he raises many pertinent questions and provides sound advice regarding business expansion, including new business investments and business alliances, as well as risk management initiatives, including those related to IT/DX and supply chains. There are no conflicts of interest between Hiroshi Ozaki and the Company. Hiroshi Ozaki is registered as an independent director as defined in the regulations of the Tokyo Stock Exchange.
Takaoki Fujiwara	Takaoki Fujiwara is expected to leverage his abundant practical experience and wide-ranging knowledge as a manager of a group of companies engaged in urban transport, real estate, and entertainment, mainly in the Kansai area, recognizing the corporate responsibility the Company should fulfill and making management decisions with an emphasis on objectivity and impartiality, without bias in favor of corporate executives or specific interested parties. At the Company's Board of Directors meetings, he provides sound advice, mainly on human resource management, organizational culture, quality control, risk management, and compliance. There are no conflicts of interest between Takaoki Fujiwara and the Company. Takaoki Fujiwara is registered as an independent director as defined in the regulations of the Tokyo Stock Exchange.
Kyoko Hirose	Kyoko Hirose is expected to play a role in which she utilizes her extensive practical experience as the top management of a company that manufactures and sells major components of industrial sewing machines globally as well as her broad insights in matters including the empowerment of women and diversity as an economic expert and recognizes the corporate responsibility we should fulfill to make management decisions from a higher standpoint with an emphasis on objectivity and impartiality, without bias in favor of corporate executives or specific interested parties. In this regard, at Board of Directors meetings, she provides sound advice mainly on organizational culture, risk management associated with globalization, and compliance. There are no conflicts of interest between Kyoko Hirose and the Company. Kyoko Hirose is registered as an independent director as defined in the regulations of the Tokyo Stock Exchange.
Shuichi Okuhara	Shuichi Okuhara is expected to make appropriate recommendations on the validity of management decisions and the execution of duties by directors, from an independent standpoint as a director who is an Audit and Supervisory Committee member, by leveraging his advanced expertise in finance and accounting to adapt to the rapidly changing business environment. At the Company's Board of Directors meetings, he provides sound advice, mainly regarding investments, M&A, capital costs, and compliance across the healthcare industry. At meetings of the Audit and Supervisory Committee, he discusses and provides recommendations on significant matters concerning unscheduled audits. There are no conflicts of interest between Shuichi Okuhara and the Company. Shuichi Okuhara is registered as an independent director as defined in the regulations of the Tokyo Stock Exchange.

Fumi Takatsuki	Fumi Takatsuki is expected to leverage her background as an attorney engaged in international corporate law, along with her extensive experience and specialized knowledge in legal matters related to China's life sciences and healthcare industries, to make appropriate recommendations on the validity of management decisions and the execution of duties by directors from an independent standpoint as a director who is an Audit and Supervisory Committee member. At Board of Directors meetings, she asks pertinent questions, particularly regarding global business expansion, including in China, from an international corporate law perspective, and provides sound advice on intellectual property and compliance. At meetings of the Audit and Supervisory Committee, she discusses and provides recommendations on significant matters concerning unscheduled audits. There are no conflicts of interest between Fumi Takatsuki and the Company. Furthermore, the Company has paid attorney fees to Oh-Ebashi LPC & Partners, where Fumi Takatsuki is a partner, for certain specific cases involving international corporate legal affairs, an area in which this law firm has expertise. However, that compensation amounts to less than 2% of the total fees received by Oh-Ebashi LPC & Partners, and the Company has no advisory contract or other ongoing contractual relationship with Oh-Ebashi LPC & Partners. Fumi Takatsuki is registered as an independent director as defined in the regulations of the Tokyo Stock Exchange.
Yoriko Goto	Yoriko Goto is expected to make appropriate recommendations on the validity of management decisions and execution of duties by directors from an independent standpoint as a director who is an Audit and Supervisory Committee member, based on her professional expertise as a certified public accountant in finance and accounting, as well as extensive management experience and broad insight through her service as the chairperson of the board of several companies. At Board of Directors meetings, she provides sound advice, mainly on governance, internal controls, M&A, financial management, risk management, and compliance. At meetings of the Audit and Supervisory Committee, she discusses and provides recommendations on significant matters concerning unscheduled audits while, as the chairperson, taking into account the timeliness and appropriateness of the proposals. There are no conflicts of interest between Yoriko Goto and the Company. Yoriko Goto is registered as an independent director as defined in the regulations of the Tokyo Stock Exchange.

The Company has proposed “Election of Seven Directors (excluding Directors who are Audit and Supervisory Committee Members)” as an agenda item (matter for resolution) for the Annual General Meeting of Shareholders scheduled to be held on June 24, 2026. If this proposal is approved, in addition to the seven outside directors above, one additional outside director who is not an Audit and Supervisory Committee member will be appointed. As a result, the Company will have five outside directors who are not members of the Audit and Supervisory Committee and three outside directors who are members of the Audit and Supervisory Committee. With the appointment of eight outside directors out of a total of 12 directors, the Company will have a structure in place to promote even more fair and efficient management. The candidate for the new outside director position is as follows:

Keiichi Yoshii	As a member of top management of Japan's largest comprehensive housing manufacturer, Keiichi Yoshii promotes strengthening the management foundation by expanding earnings and reinforcing governance. He strives to establish a sustainable growth model and has extensive experience and insights in managing a group of companies. Accordingly, we expect that he will make management decisions with an emphasis on objectivity and neutrality based on his extensive experience and knowledge. We have therefore nominated him as a candidate for new Outside Director.
----------------	---

[Requirements and Criteria for Determining the Independence of Independent Outside Officers]

Requirements

- i. Possesses excellent insight and ability based on experience and expertise in management, and is able to appropriately demonstrate this insight and ability
- ii. Recognizes his/her role as an outside officer and is able to provide candid and timely opinions and suggestions to the Company's management
- iii. Possesses the character to engage with not only the Company's management but also all of its stakeholders with sincerity
- iv. Possesses no risk of conflict of interest with general shareholders, nor any personal interest in the Company

Criteria for Determining Independence

- i. A person who is not a major shareholder (a shareholder holding 10% or more of the total voting rights or one of the top five shareholders) of the SHIONOGI Group, nor a director, corporate auditor, executive officer, or employee of any corporation or institution that is a major shareholder of the SHIONOGI Group
- ii. A person who is not a director, corporate auditor, executive officer, or employee of a company for which the SHIONOGI Group is a major shareholder (a company in which the SHIONOGI Group holds 10% or more of the total voting rights or for which the SHIONOGI Group is one of the top five shareholders)

iii. A person who is not a director, corporate auditor, executive officer, or employee of a major business partner of the SHIONOGI Group

The term “major business partner of the SHIONOGI Group” means any of the following:

- a. A business partner to which the amount of money paid from the Group accounts for 2% or more of the Group's consolidated sales on average over the last three fiscal years of the Group, including the most recent fiscal year
- b. A business partner for which payment received by the SHIONOGI Group from the business partner in question averaged 2% or more of the SHIONOGI Group's consolidated net sales for the SHIONOGI Group's past three fiscal years, including its most recent fiscal year

iv. A person who is not a director, corporate auditor, executive officer, or employee of a business partner that is a major customer of the SHIONOGI Group

The term “business partner that is a major customer of the SHIONOGI Group” means any of the following (excluding cases to which v. below applies):

- a. A business partner from which payment to the SHIONOGI Group averaged 2% or more of the business partner's consolidated net sales for the business partner's past three fiscal years, including its most recent fiscal year
- b. A business partner for which payment from the SHIONOGI Group to the business partner in question averaged 2% or more of the business partner's consolidated net sales for the business partner's past three fiscal years, including its most recent fiscal year

v. If a person is a consultant, accounting professional, or legal professional, a person or a corporation or institution to which a person belongs does not receive either of the respective following remunerations from the SHIONOGI Group, excluding remuneration to a person as an officer:

- a. (For individuals) Remuneration exceeding 10 million yen per year
- b. (For a corporation or institution) Remuneration exceeding 2% of the consolidated net sales of the corporation or institution on average over the last three fiscal years, including the most recent fiscal year of the corporation or institution to which the individual belongs, or remuneration exceeding 10 million yen per year, whichever is higher

vi. A person who does not belong to a corporation or organization that receives annual donations of 10 million yen or more from the SHIONOGI Group

vii. A person whose term of office as an outside officer of the SHIONOGI Group does not exceed 10 years

iii. Relationships between supervision or audits by outside directors or outside directors who are members of the Audit and Supervisory Committee, and internal audits, audits by the Audit and Supervisory Committee, and Independent Accounting audits, and relationships with internal control units

Outside directors attend meetings of the Board of Directors, which are held once a month in principle, and receive reports about the basic policies and priority audit items in the audit plan of the Audit and Supervisory Committee for each fiscal year, as well as about the status of the development and operation of internal control systems. These outside directors also exchange opinions with directors and take other actions as appropriate to ascertain the current state of and issues regarding the SHIONOGI Group, and they express their opinions to the Board of Directors.

Outside Directors who are also Audit and Supervisory Committee Members attend meetings of the Board of Directors and the Audit and Supervisory Committee, which are held once a month in principle, and receive reports from directors, the standing Audit and Supervisory Committee members, employees, and others on the status of implementation of audits by members of the Audit and Supervisory Committee, financial audits, internal audits, the status of business execution by directors and internal controls such as compliance and risk management. These Outside Directors request explanations and express their opinions when necessary. They also make recommendations to the Board of Directors as members of the Audit and Supervisory Committee.

(3) Status of Audits

i. Status of audits by members of the Audit and Supervisory Committee

The Audit and Supervisory Committee of the Company consists of five Directors who are also members of the Audit and Supervisory Committee, three of whom are Outside Directors. In-house directors Noriyuki Kishida and Koji Hanasaki are well versed in finance and accounting, human capital development, research and development, production, sales, and other areas, and they have been appointed as full-time Audit and Supervisory Committee members. Shuichi Okuhara and Yoriko Goto, who are Outside Directors and Audit and Supervisory Committee members, are certified public accountants with deep knowledge of finance and accounting, and Outside Director Fumi Takatsuki is a qualified attorney with expertise in corporate law. The Audit and Supervisory Committee Office, composed of multiple employees, has been established as an organization to assist the Audit and Supervisory Committee. It stipulates audit policies and allocation of duties for audits performed by the Audit and Supervisory Committee and receives reports from each member on the status of implementation of audits and the results thereof. In addition, it receives reports from directors and the Accounting Auditor on the status of execution of their duties and requests explanations as necessary. Furthermore, it receives reports from the Internal Control Department (internal audit unit) regarding the status and results of internal audits, working closely with them. At the same time, in formulating audit plans, efforts are made to enhance the effectiveness of audits through exchange of opinions and discussions in advance regarding priority audit items and risk recognition.

In FY2025, the Audit and Supervisory Committee met 12 times (including two meetings of the Board of Corporate Auditors held before the transition to a company with an Audit and Supervisory Committee), with each of its members attending 100% of these meetings. In addition, the Audit and Supervisory Committee and the Independent Accounting Auditor cross-check audit plans, receive reports on interim review results and the status of year-end financial audits and their results, and exchange opinions on accounting risks and other issues as appropriate.

Members of the Audit and Supervisory Committee, in accordance with standards for audits by the Audit and Supervisory Committee and audit policies and the division of duties established by the Committee, work to maintain communication with directors, the Internal Control Department, other employees, and other parties in an effort to collect information and improve the environment for auditing, conducting audits in accordance with the following methods.

- a. Members attended important meetings, such as those of the Board of Directors, and the regularly held Unit Reporting Meeting and Unit meetings, received reports from directors, employees, and other parties about the status of execution of their duties, asked for explanations as necessary, inspected important approval documents and others to check these in relation to the status of decision-making, and investigated the status of operations and assets at the head office and major operating sites. In addition, members maintained communication and exchanged information with directors and corporate auditors at subsidiaries and received business reports from subsidiaries by attending their general shareholders' meetings, business reporting meetings, etc., as necessary. The members also confirmed the audit status of the entire Group by periodically holding meetings of the SHIONOGI Group Company Audit Liaison Committee.
- b. For the system (internal control system) listed in the business report established based on a resolution of the Board of Directors and the content thereof related to the establishment of systems as prescribed in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, as a system for ensuring that the execution of duties of directors complies with laws, regulations, and the Articles of Incorporation and for ensuring the propriety of business activities of a stock company and within a group of enterprises comprised of the relevant stock company and its subsidiaries, members received reports on its structure and operation status from directors, employees, and other parties, asked for explanations as necessary, and expressed audit opinions.
- c. Members monitored and verified whether the Independent Accounting Auditor maintained an independent position and conducted appropriate audits, received from the Independent Accounting Auditor reports on the state of performance of their duties, and requested explanations as necessary. In addition, members received from the Independent Accounting Auditor a notice that the systems to secure adequate performance of duties (as listed in the items of Article 131 of the Regulations on Corporate Accounting) had been established in accordance with the Audit Quality Control Review Standards (the Business Accounting Council) and requested explanations as necessary.

Based on the above method, the Audit and Supervisory Committee conducted checks on the execution of duties by the directors for the fiscal year ended March 31, 2026 and examined the business report and the related supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statements of income, non-consolidated statement of changes in shareholders' equity, and notes to non-consolidated financial statements) and the related supplementary schedules, and the consolidated financial statements (consolidated balance sheet, consolidated statements of income, consolidated statement of changes in equity, and notes to consolidated financial statements) for the same fiscal year.

Analysis and evaluation of the effectiveness of the Audit and Supervisory Committee

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

(Assessment results)

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

(Issues identified and initiatives in the following year)

Establishing an audit system that can respond to the Company's business expansion was identified as an issue. In FY2026, we will strengthen collaboration with the internal audit unit in order to conduct audit activities that align with changes in the business environment.

ii. Status of internal audits

The Company's internal audits are conducted by the Internal Control Department (17 members as of June 19, 2026), which is independent of other business execution units, in accordance with internal audit rules. The Internal Control Department strives toward rapid detection of potential risks, as well as their verification and evaluation, by monitoring important business execution meetings, decision-making processes, etc. on a daily basis. Based on the risks identified in this process, the Internal Control Department formulates an audit plan, has it approved by the representative director and agreed by the Audit and Supervisory Committee, and then reports it to the Board of Directors. In accordance with the audit plan, the Internal Control Department verifies and evaluates the appropriateness of the development and operation of internal controls in the audited units by conducting internal audits and internal control evaluations (J-SOX evaluations) of all business processes in the audited units. In addition, the Internal Control Department receives regular reports on the status of internal audits from subsidiaries that have their own internal audit functions. Furthermore, a system has been established that enables immediate internal audits in cooperation with corporate auditors at subsidiaries when risks emerge or when problematic events become a concern. Audit results are communicated to the audited units, on which opinions are exchanged, to improve internal controls and are reported not only to the representative director but also directly to the Board of Directors, as well as the Audit and Supervisory Committee, thereby ensuring the effectiveness of internal audits. Information is also shared with the Independent Accounting Auditor on a regular basis regarding internal control evaluations and internal audit activities related to the reliability of financial reporting in an effort toward mutual collaboration.

iii. Status of Independent Accounting audits

a. Name of auditing firm

Ernst & Young ShinNihon LLC

b. Continuous audit period

Since 1960

The above is the period within the possible scope of investigation by the Company; the actual continuous audit period may exceed the above.

c. Certified public accountants performing audit work

Koichiro Kitaike

Naoki Nakazawa

d. Composition of assistants involved in audit work

There are 15 certified public accountants and 25 others, including persons who have passed the certified public accountant examination and system specialists, serving as assistants involved in financial audit work for the Company.

e. Auditing firm selection policy and reason

It is the Company's policy that if the Independent Accounting Auditor is found to fall under any of the items of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall dismiss the Independent Accounting Auditor with the unanimous consent of the members of the Audit and Supervisory Committee.

In addition, it is the Company's policy to decide not to reappoint an Independent Accounting Auditor by a resolution of the Audit and Supervisory Committee if it is deemed that the appropriateness of the performance of duties cannot be ensured in light of the Evaluation Criteria for Independent Accounting Auditors, established by the Company to appropriately evaluate accounting auditors.

During the 161st fiscal year under review, the Audit and Supervisory Committee received reports and requested explanations from the Independent Accounting Auditor regarding the performance of its duties and conducted a rigorous evaluation and discussion through appropriate processes in accordance with the Evaluation Criteria for Independent Accounting Auditors. As a result, the Audit and Supervisory Committee resolved that reappointment was appropriate.

f. Evaluation of the auditing firm by the Audit and Supervisory Committee

In accordance with the Evaluation Criteria for Independent Accounting Auditors established by the Audit and Supervisory Committee, the Audit and Supervisory Committee appointed a number of employees from relevant departments to assist its members in their duties and had an evaluation of the Independent Accounting Auditor conducted by the Audit and Supervisory Committee under the direction and orders of the Committee. In conducting this evaluation, the Committee assessed areas such as quality control, the independence and expertise of the audit team, and remuneration, and it made a comprehensive judgment based on the audit performance, leading to the decision to reappoint the auditing firm. The audit team in charge of the Company has been assigned a reasonable number of members and is provided with opportunities by the auditing firm to maintain and improve its expertise and capabilities. In addition, audit work is carried out based on reasonable risk analysis, and communication is maintained not only with the Audit and Supervisory Committee but also with management and relevant internal units (the Finance & Accounting Department and the Internal Control Department). No significant issues have been identified in the content of reports to the Audit and Supervisory Committee, the responses to its questions, or the day-to-day relationships with relevant units (the Finance & Accounting Department and the Internal Control Department). The Committee also confirms the reasonableness of the auditing firm's quality control system and efforts to maintain independence. As stated above, we have determined that there are no particular problems with the composition or activities of the audit team in charge of the Company or with the systems and stance of the auditing firm.

iv. Details of audit fees, etc.

a. Remuneration to auditing certified public accountants, etc.

Category	Year ended March 31, 2025		Year ended March 31, 2026	
	Fees for audit certification (million yen)	Fees for non-audit services (million yen)	Fees for audit certification (million yen)	Fees for non-audit services (million yen)
Filing company	110	—	148	—
Its consolidated subsidiaries	8	—	8	—
Total	119	—	157	—

b. Remuneration to the network (EY Group) of the auditing certified public accountants, etc. (excluding remuneration from a.)

Category	Year ended March 31, 2025		Year ended March 31, 2026	
	Fees for audit certification (million yen)	Fees for non-audit services (million yen)	Fees for audit certification (million yen)	Fees for non-audit services (million yen)
Filing company	—	105	—	130
Its consolidated subsidiaries	147	157	159	151
Total	147	262	159	281

Note: Non-audit services mainly consist of advisory services.

c. Details of fees for other significant audit certification services

Not applicable.

d. Policy for determining audit fees

The Company makes a determination with the consent of the Audit and Supervisory Committee after receiving explanations of the audit plan from the Independent Accounting Auditor and after comprehensively considering the size of the Company's business, the characteristics of its operations, the audit time required, and other factors.

e. Reasons for the Board of Corporate Auditors' consent to fees, etc. for the Independent Accounting Auditor

The Audit and Supervisory Committee received from the Independent Accounting Auditor an explanation of the audit plan (policies, items, team structure, scheduled audit time, changes from the previous fiscal year, etc.) and the estimated amount of remuneration. The Committee compared the previous fiscal year's plan with the actual results, amount of remuneration, unit fees per hour, etc., and confirmed the views of relevant internal units. As a result of this review, the Committee determined that the amount of remuneration was appropriate and agreed to the estimate.

(4) Remuneration for Directors, etc.

i. Policies for determining the amount and calculation method of remuneration for Directors, etc., and the determination method

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

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

Bonuses are paid as cash remuneration, which reflects performance indicators (operating profit, consolidated profit attributable to owners of parent, and other comprehensive performance evaluations of the execution of duties 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 the degree of achievement of targeted profits and other factors in each fiscal year, and they are paid in June of each year. The actual results of performance indicators for the fiscal year ended March 31, 2026 are as described in "Part I Company Information, II. Business Overview, 4. Analysis of Financial Position, Operating Results, and Cash Flows by Management."

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

The Compensation Advisory Committee discusses the ratio of remuneration by type for executive directors in consideration of remuneration levels, using companies of a similar business size to the Company that are in the relevant business type and category as the benchmark, and 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 for determination thereof is as described in 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 the base remuneration and the individual bonus amount, etc. be evaluated and determined by a person who bears the ultimate management responsibility, and thus, such evaluation and determination are entrusted to Isao Teshirogi, Representative Director, Chairman of the Board, President and CEO. The Compensation Advisory Committee deliberates the policy and criteria for the entrustment and provides the Board of Directors with the results as recommendations for their resolution, and Isao Teshirogi, Representative Director, Chairman of the Board, 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.

As a result of the revision of the medium-term performance-linked stock compensation table starting in FY2021, the targeted ratio of base remuneration to performance-linked remuneration, etc. to non-monetary remuneration, etc. is designed to be approximately 1:1:1, assuming 100% achievement of the KPIs, in order to place greater emphasis on performance and to have officers take the shareholders' perspective.

(Note) Performance-linked remuneration, etc. comprise director and corporate auditor bonuses, while non-monetary remuneration, etc. comprise restricted stock.

As a result, the ratio of base remuneration to total remuneration in the fiscal year ended March 31, 2026 is about 36%, partly affected by profit target achievement and the stock price impact on stock-based compensation. Through deliberations and reports at the Board of Directors and the Compensation Advisory Committee meetings, the Board of Directors has confirmed that the details of individual director compensation for the fiscal year ended March 31, 2026 are in line with the decision-making policy.

The Company's Compensation Advisory Committee is an advisory body to the Board of Directors, with a majority of members being Outside Directors, and is chaired by an Outside Director. The Committee duly considers director and corporate auditor remuneration. It also discusses various issues concerning remuneration, etc. for directors and corporate officers, verifies the levels of remuneration, etc. every year, and deliberates the remuneration system, the performance evaluation system, etc. for the following fiscal year.

The maximum amount of remuneration for Directors, as resolved at the General Meeting of Shareholders, is up to 2,000 million yen per year for Directors who are not Audit and Supervisory Committee Members (based on the resolution at the General Meeting of Shareholders held on June 18, 2025; the number of such Directors who are not Audit and Supervisory Committee Members as of the close of the meeting was six, including four Outside Directors; excludes employee salaries for Directors who concurrently serve as employees) and up to 750 million yen per year for Directors who are Audit and Supervisory Committee Members (based on the same resolution; the number of such Directors who are Audit and Supervisory Committee Members as of the close of the meeting was five). 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 2,000 million yen per year (based on the resolution at the General Meeting of Shareholders held on June 18, 2025; the number of eligible Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) as of the close of the meeting was two; excludes employee salaries for Directors who concurrently serve as employees).

ii. Total remuneration by officer category, remuneration amount by type, and number of eligible officers

Officer category	Amount of remuneration, etc. (million yen)	Total remuneration, etc. amount by type (million yen)				Number of eligible officers (persons)
		Base remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	Other	
Directors (excluding Audit and Supervisory Committee Members) (excluding outside directors)	642	231	252	145	12	3
Directors (Audit and Supervisory Committee Members) (excluding outside directors)	63	63	—	—	—	2
Corporate Auditors (excluding outside auditors)	18	18	—	—	—	2
Outside officers	155	155	—	—	—	11

Notes:

- At the conclusion of its 160th Annual General Meeting of Shareholders held on June 18, 2025, the Company transitioned to a company with an Audit and Supervisory Committee. The remuneration, etc. for Corporate Auditors pertain to the period before the transition, while the remuneration, etc. for directors (Audit and Supervisory Committee members) pertain to the period after the transition.
- The maximum amount of remuneration for directors, as resolved at the General Meeting of Shareholders, is 2,000 million yen per year for directors who are not Audit and Supervisory Committee members (based on the resolution at the General Meeting of Shareholders held on June 18, 2025; the number of such directors as of the close of the meeting was six, including four outside directors) and 750 million yen per year for directors who are Audit and Supervisory Committee members (based on the same resolution; the number of such directors as of the close of the meeting was five). Non-monetary remuneration, etc. for directors who are not Audit and Supervisory Committee members or outside directors are restricted stock compensation, and the maximum amount is 250,000 shares per year (based on the resolution at the General Meeting of Shareholders held on June 18, 2025; the number of such directors as of the close of the meeting was two).
- "Performance-linked remuneration, etc." above are the relevant allowance for directors' bonuses for the fiscal year ended March 31, 2026.
- "Non-monetary remuneration, etc." above are the relevant expense recognized for the fiscal year ended March 31, 2026.
- Indicated in the "Other" column is the amount equivalent to fringe benefits for foreign nationality directors. This does not include the additional costs of being stationed abroad, namely the amount for tax adjustments associated with international job transfers (267 million yen), which aims to ensure the expected amount of remuneration if one were not stationed abroad.
- Of the above amounts, remuneration paid in local currency is converted to yen using the average internal exchange rate for FY2025.

iii. Total consolidated remuneration, etc. per officer

Name	Total consolidated remuneration, etc. (million yen)	Officer category	Company category	Total remuneration, etc. amount by type (million yen)			
				Base remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	Other
Isao Teshirogi	302	Directors	Filing company	96	96	110	—
John Keller	324	Directors	Filing company	120	156	34	12

Notes:

1. The above information is limited to those whose total amount of consolidated remuneration, etc. is 100 million yen or more.
2. “Performance-linked remuneration, etc.” above is the relevant allowance for directors’ bonuses for the fiscal year under review.
3. “Non-monetary remuneration, etc.” above is the relevant expense recognized for the fiscal year under review.
4. Indicated in the “Other” column is the amount equivalent to fringe benefits for foreign nationality directors. This does not include the additional costs of being stationed abroad, namely the amount for tax adjustments associated with international job transfers (267 million yen), which aims to ensure the expected amount of remuneration if one were not stationed abroad.
5. Of the above amounts, remuneration paid in local currency is converted to yen using the average internal exchange rate for FY2025.

[Performance evaluation for medium-term performance-linked stock compensation]

In determining the ratio of lifting the transfer restriction for medium-term performance-linked stock compensation (lifting rate), for the portion to be granted for the three years between FY2023 and FY2025, the evaluation indicators and processes were resolved at the Board of Directors on October 31, 2023, based on the recommendations given by the Compensation Advisory Committee. Specifically, evaluation is conducted using revenue, overseas net sales CAGR, EBITDA, ROE, and relative TSR as five quantitative indicators. The final evaluation is determined by reflecting the status of ESG and compliance, and investment, based on which the lifting rate is determined.

The indicators mentioned above are as follows.

Item	FY2025 targets	FY2025 actual
Revenue (billion yen)	550	499.7
Overseas sales CAGR (%)*	50	15.2
EBITDA (billion yen)	200	187.7
ROE(%)	14.0 or higher	13.5
Relative TSR (Rank/11 companies)**	—	4th

* Starting from FY2022

** Relative TSR is calculated for the three years between FY2023 and FY2025.

Furthermore, after reviewing and reflecting the status of ESG and compliance, and investment at the Compensation Advisory Committee, a comprehensive decision was made to set the lifting rate at 90%, which was resolved at the Board of Directors meeting held on May 12, 2026.

The evaluation items and methods, etc. of the medium-term performance-linked stock compensation for the portion starting from FY2026 will be deliberated by the Compensation Advisory Committee and resolved by the Board of Directors after examining them while monitoring the progress of the next medium-term business plan.

[Policy for Determination of Details of Individual Remuneration, etc. for Directors]

1. Basic policy

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

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

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

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

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

Non-monetary remuneration, etc. shall be in the form of restricted stock and consist of two parts: the long-term stock-based compensation system, which requires being employed by the Company, and medium-term performance-linked stock-based compensation that is linked to performance. For the long-term stock-based compensation system, the number of shares to be granted shall be determined based on the stock-based compensation table established, according to rank and job responsibility, by the Board of Directors after deliberation by the Compensation Advisory Committee.

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

4. Policy concerning determination of the ratio of base monetary remuneration, performance-linked remuneration, etc., and non-monetary remuneration, etc., to the total amount of individual remuneration for Directors

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

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

(Note) Performance-linked remuneration, etc. comprise director and corporate auditor bonuses, while non-monetary remuneration, etc. comprise restricted stock.

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

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

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

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

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

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

iv. Significant employee salaries of officers who also serve as employees

Not applicable

(5) Information on shareholdings

i. Standards and approach toward classification of invested shares

The SHIONOGI Group shall only hold shares of companies if management judges that holding the shares will increase the SHIONOGI Group's corporate value and contribute to the sustainable enhancement of corporate value from the two perspectives of economic rationale and strategic validity. Therefore, the SHIONOGI Group does not hold shares for passive investment purposes.

ii. Invested shares held for purposes other than passive investment

a. Shareholding policy and method of verifying the rationale of holding, and details of verification by the Board of Directors, etc. concerning the holding of individual shares

The management of the SHIONOGI Group shall judge the appropriateness of holding from the perspectives of economic rationale and strategic validity. Each year, the Board of Directors conducts a comprehensive verification of the purpose, benefits and/or risks associated with holding, capital costs, and other aspects regarding individual cross-shareholdings.

b. Number of stocks (issues) and balance sheet amount

	No. of stocks (Issues)	Total balance sheet amount (million yen)
Unlisted shares	45	12,362
Shares other than unlisted shares	15	47,353

(Stocks that increased in the number of shares during the fiscal year under review)

	No. of stocks (Issues)	Total purchase cost for the increase in shares (million yen)	Reason for the increase in shares
Unlisted shares	3	2,458	The shares were acquired since management judged that holding the shares would increase SHIONOGI's corporate value and contribute to the sustainable enhancement of corporate value.

(Stocks that decreased in the number of shares during the fiscal year under review)

	No. of stocks (Issues)	Total sale value for the decrease in shares (million yen)
Unlisted shares	2	0

c. Information on number of shares and balance sheet amount of specified investment shares and deemed holding shares

Specified investment shares

Stock	Fiscal year under review No. of shares Balance sheet amount (million yen)	Previous fiscal year No. of shares Balance sheet amount (million yen)	Purpose of holding, quantitative effects of holding, and reason for the increase in shares	Holding of Shionogi shares
Sumitomo Mitsui Financial Group, Inc.	3,452,430	3,452,430	Shionogi holds shares in the company, which is one of its financial institutions, to maintain business relations in financial activities. In May 2026, the Board of Directors conducted a comprehensive verification of the purpose, benefits and/or risks associated with holding, capital costs, and other aspects regarding individual cross-shareholdings, and it confirmed the economic rationale and strategic validity.	No Note 2
	17,282	13,101		
Toho Holdings Co., Ltd.	3,500,112	3,500,112	Shionogi holds shares in the company and the subsidiaries, which is one of its business partners, to maintain and enhance business relations in the sale of pharmaceuticals, etc. In May 2026, the Board of Directors conducted a comprehensive verification of the purpose, benefits and/or risks associated with holding, capital costs, and other aspects regarding individual cross-shareholdings, and it confirmed the economic rationale and strategic validity.	Yes
	16,667	15,610		
Kissei Pharmaceutical Co., Ltd.	914,000	914,000	Shionogi holds shares in the company, which is one of its business partners, to maintain and enhance business relations in the pharmaceutical business strategy. In May 2026, the Board of Directors conducted a comprehensive verification of the purpose, benefits and/or risks associated with holding, capital costs, and other aspects regarding individual cross-shareholdings, and it confirmed the economic rationale and strategic validity.	Yes
	4,250	3,514		
Medipal Holdings Corporation	1,271,605	1,271,605	Shionogi holds shares in the company and the subsidiaries, which is one of its business partners, to maintain and enhance business relations in the sale of pharmaceuticals, etc. In May 2026, the Board of Directors conducted a comprehensive verification of the purpose, benefits and/or risks associated with holding, capital costs, and other aspects regarding individual cross-shareholdings, and it confirmed the economic rationale and strategic validity.	Yes
	3,735	2,969		
StemRIM Inc.	4,650,000	4,650,000	Shionogi holds shares in the company, which is one of its business partners, to maintain and enhance business relations in the pharmaceutical business strategy. In May 2026, the Board of Directors conducted a comprehensive verification of the purpose, benefits and/or risks associated with holding, capital costs, and other aspects regarding individual cross-shareholdings, and it confirmed the economic rationale and strategic validity.	No
	1,362	1,474		
Kaneka Corporation	266,600	266,600	Shionogi holds shares in the company, which is one of its business partners, to maintain and enhance business relations in the pharmaceutical business strategy. In May 2026, the Board of Directors conducted a comprehensive verification of the purpose, benefits and/or risks associated with holding, capital costs, and other aspects regarding individual cross-shareholdings, and it confirmed the economic rationale and strategic validity.	Yes
	1,278	1,015		

Stock	Fiscal year under review No. of shares Balance sheet amount (million yen)	Previous fiscal year No. of shares Balance sheet amount (million yen)	Purpose of holding, quantitative effects of holding, and reason for the increase in shares	Holding of Shionogi shares
Ono Pharmaceutical Co., Ltd.	344,095	344,095	Shionogi holds shares in the company, which is one of its business partners, to maintain and enhance business relations in the pharmaceutical business strategy. In May 2026, the Board of Directors conducted a comprehensive verification of the purpose, benefits and/or risks associated with holding, capital costs, and other aspects regarding individual cross-shareholdings, and it confirmed the economic rationale and strategic validity.	Yes
	863	551		
Vital KSK Holdings, Inc.	475,000	475,000	Shionogi holds shares in the company and the subsidiaries, which is one of its business partners, to maintain and enhance business relations in the sale of pharmaceuticals, etc. In May 2026, the Board of Directors conducted a comprehensive verification of the purpose, benefits and/or risks associated with holding, capital costs, and other aspects regarding individual cross-shareholdings, and it confirmed the economic rationale and strategic validity.	No
	695	597		
HOKUYAKU TAKEYAMA Holdings, Inc.	367,530	367,530	Shionogi holds shares in the company and the subsidiaries, which is one of its business partners, to maintain and enhance business relations in the sale of pharmaceuticals, etc. In May 2026, the Board of Directors conducted a comprehensive verification of the purpose, benefits and/or risks associated with holding, capital costs, and other aspects regarding individual cross-shareholdings, and it confirmed the economic rationale and strategic validity.	Yes
	338	325		
MS & AD Insurance Group Holdings, Inc.	65,433	65,433	Shionogi holds shares in the company and the subsidiaries, which is one of its financial institutions, to maintain business relations in financial activities. In May 2026, the Board of Directors conducted a comprehensive verification of the purpose, benefits and/or risks associated with holding, capital costs, and other aspects regarding individual cross-shareholdings, and it confirmed the economic rationale and strategic validity.	No Note 2
	263	211		
FunPep Co., Ltd.	2,682,500	2,682,500	Shionogi holds shares in the company, which is one of its business partners, to maintain and enhance business relations in the pharmaceutical business strategy. In May 2026, the Board of Directors conducted a comprehensive verification of the purpose, benefits and/or risks associated with holding, capital costs, and other aspects regarding individual cross-shareholdings, and it confirmed the economic rationale and strategic validity.	No
	217	308		
Senshu Ikeda Holdings, Inc.	203,725	203,725	Shionogi holds shares in the company and the subsidiaries, which is one of its financial institutions, to maintain business relations in financial activities. In May 2026, the Board of Directors conducted a comprehensive verification of the purpose, benefits and/or risks associated with holding, capital costs, and other aspects regarding individual cross-shareholdings, and it confirmed the economic rationale and strategic validity.	No Note 2
	174	88		

Stock	Fiscal year under review No. of shares Balance sheet amount (million yen)	Previous fiscal year No. of shares Balance sheet amount (million yen)	Purpose of holding, quantitative effects of holding, and reason for the increase in shares	Holding of Shionogi shares
OncoTherapy Science, Inc.	7,300,000	7,300,000	Shionogi holds shares in the company, which is one of its business partners, to maintain and enhance business relations in the pharmaceutical business strategy. In May 2026, the Board of Directors conducted a comprehensive verification of the purpose, benefits and/or risks associated with holding, capital costs, and other aspects regarding individual cross-shareholdings, and it confirmed the economic rationale and strategic validity.	No
	153	204		
AnGes, Inc.	1,186,800	1,186,800	Shionogi holds shares in the company, which is one of its business partners, to maintain and enhance business relations in the pharmaceutical business strategy. In May 2026, the Board of Directors conducted a comprehensive verification of the purpose, benefits and/or risks associated with holding, capital costs, and other aspects regarding individual cross-shareholdings, and it confirmed the economic rationale and strategic validity.	No
	67	79		
The Royal Hotel, Ltd.	654	654	Shionogi holds shares in the company, which is one of its business partners, to maintain and enhance business relations. In May 2026, the Board of Directors conducted a comprehensive verification of the purpose, benefits and/or risks associated with holding, capital costs, and other aspects regarding individual cross-shareholdings, and it confirmed the economic rationale and strategic validity.	No
	0	0		

Note:

- 1 The method of verifying the rationale of the holdings is described since it is difficult to state the quantitative effects of the holding, as the transaction amount, etc. are undisclosed information.
- 2 The company does not hold Shionogi shares, but its subsidiary does hold Shionogi shares.

iii. Invested shares held for passive investment purposes

Not applicable.

5. Employees

(1) Basic policy regarding human resources strategy, etc.

i. Human resources strategy

For details of the human resources strategy, please refer to “II. Business Overview, 2. Views and Initiatives Concerning Sustainability, (4) Securing human resources who will support growth (expanding human capital).”

ii. Policy for determining employee compensation

Basic views

Toward achieving the STS2030 Revision, the Company regards securing and developing human resources that support innovation creation and global business expansion as a key management priority. To implement management strategy, it is essential to secure talented and diverse human resources and enable them to fully utilize their abilities. Employee compensation is designed based on a personnel system centered on the core concepts of “challenge” and “job satisfaction,” aligned with management strategy and human resources strategy.

Compensation design based on a job grading system

The Company’s personnel system is based on a job grading system, whereby employees are treated based on their job responsibilities and performance, regardless of their age, gender or other personal attributes. The responsibilities and expected behaviors for each job grade are clearly defined, and employees are appropriately evaluated and graded based on these criteria. This design allows employees to clearly understand their current position and the expected roles, thereby encouraging them to proactively take on more challenging goals. With a flexible system that allows for promotions and demotions within a single fiscal year, employees’ growth and performance are promptly reflected in their compensation.

Market-competitive compensation levels

Compensation levels are determined based on external labor market surveys in the regions where the Company operates, enabling the Company to set competitive compensation levels that help attract and retain top talent. At the same time, the compensation system places a high priority on fairness within the company and is designed to ensure that employees with equivalent job responsibilities do not receive unjustified differences in compensation, regardless of age, gender, nationality, or other personal attributes. Moreover, the Company ensures that all employees receive compensation above the statutory minimum wage.

Linking evaluation and compensation

The Company operates a comprehensive and transparent compensation system consisting of a base salary determined by the degree of job responsibility and compensation adjustments based on behavioral evaluation. In particular, linking the company-wide strategy with individual goals enables each employee’s performance to contribute directly to enhancing corporate value. Furthermore, the Company has adopted a performance-linked bonus system in which the performance of the Company and each business unit is reflected in the bonus pool. This ensures that employees’ efforts and performance are appropriately evaluated and rewarded in line with the Company’s growth.

Continuous improvement in compensation

The Company is committed to continuously improving compensation to provide a work environment in which employees can feel secure while maintaining competitiveness in attracting talent. Compensation levels are reviewed on a regular basis in light of changes in the business environment and the labor market to support the financial well-being of all employees while ensuring competitiveness in a fluctuating hiring environment.

(2) Employees

i. Consolidated companies

As of March 31, 2026

Name of business segment	Number of employees (Persons)
Pharmaceutical Business	6,223 [550]

Notes:

- The number of employees presented is the number of full-time employees. The average number of temporary employees (re-employed mandatory retirees, contract employees, etc.) is shown in brackets and is not included in the number of employees.
- SHIONOGI (the Company and its consolidated subsidiaries) has a single business segment, consisting of the research, development, purchase, manufacture, and sale of prescription drugs and related businesses. All of SHIONOGI’s employees belong to the Pharmaceuticals Business.
- The number of employees has increased by 1,268 compared to March 31, 2025. This was primarily due to the consolidation of Torii Pharmaceutical as a subsidiary in September 2025, as well as the absorption-type split of the JT Pharmaceutical Business in December 2025.

ii. Non-consolidated (filing company data)

As of March 31, 2026

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual pay (Yen)	Average annual pay change (%)
2,808 [157]	42.4	15.6	10,300,842	2.7

Notes:

1. The number of employees presented is the number of full-time employees. The average number of temporary employees (re-employed mandatory retirees, contract employees, etc.) is shown in brackets and is not included in the number of employees.
2. Average annual pay includes bonuses, non-standard wages, and non-statutory benefits.
3. The Company has a single business segment, consisting of the research, development, purchase, manufacture, and sale of prescription drugs and related businesses. All of the Company's employees belong to the Pharmaceuticals Business.
4. The number of employees has increased by 679 compared to March 31, 2025. This was primarily due to the absorption-type split of the JT Pharmaceutical Business in December 2025.
5. Starting in FY2025, the calculation includes data on employees transferred from Japan Tobacco Inc. The average length of service is calculated from the time of joining Japan Tobacco Inc., and the average annual pay is calculated based on salary components of a similar nature.

iii. Labor unions

The Company's labor union is called SHIONOGI Worker's Union, which, together with the labor unions of six consolidated subsidiaries and one equity-method affiliate, organizes Federation of SHIONOGI Group Worker's Union. This federation is a subordinate member of the Federation of Pharmaceutical and Cosmetic Industry Labor Unions (Yakusho Rengo).

As of March 31, 2026, the SHIONOGI Worker's Union has 2,448 members and the Federation of SHIONOGI Group Worker's Union has 3,673 members.

Labor and management maintain a healthy relationship based on mutual trust.

iv. Percentage of female employees in managerial positions, rate of male employees taking childcare leave, and wage disparities between male and female employees

a. Filing company

Fiscal year under review				
Percentage of female employees in managerial positions (%) (Notes 1, 3)	Rate of male employees taking childcare leave (%) (Notes 2,5)	Wage disparities between male and female employees (%) (Notes 1, 4)		
		All employees	Regular (permanent) employees	Part-time/fixed term employees
17.1	74.0	80.6	79.6	90.8

Notes:

1. Calculated based on provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015)
2. The rate of childcare leave, etc. taken specified in Item 1, Article 71-6-1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of October 15, 1991) based on provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991)
3. The number of employees is counted as of April 1, 2026. Employees in managerial positions refer to those who have subordinates.
4. Calculated based on the conditions below

Target period: FY2025 (from April 01, 2025 to March 31, 2026)

Wages: Include standard pay, non-standard pay, bonuses, and non-statutory benefits, but exclude retirement allowances.

Regular (permanent) employees: Exclude those seconded from the Company to outside but include those seconded from other companies to the Company

Part-time/fixed-term employees: Include contract (*shokutaku*) employees, part-timers and re-employed workers (full-time and part-time) but exclude dispatched employees

5. Details about percentage of male employees taking childcare leave

Fiscal year under review		
Percentage of male employees taking childcare leave for 14 days or more (%)	Number of male employees taking childcare leave	Average number of days of childcare leave taken by male employees
71.2	77	59

b. Consolidated subsidiaries

Fiscal year under review					
Consolidated subsidiaries	Percentage of female employees in managerial positions (%) (Notes 1, 3)	Rate of male employees taking childcare leave (%) (Notes 2,7)	Wage disparities between male and female employees (%) (Notes 1, 4)		
			All employees	Regular (permanent) employees	Part-time/fixed term employees
Shionogi Pharma Co., Ltd.	13.7	87.5	73.7	74.2	80.1
Shionogi Healthcare Co., Ltd.	8.7	100.0	77.9	74.6	106.8
Shionogi Techno Advance Research Co., Ltd.	30.0	100.0	82.7	80.8	50.8
Torii Pharmaceutical Co., Ltd.	14.4	75.0	80.9	83.3	53.6

Notes:

1. Calculated based on provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015)
2. The rate of childcare leave, etc. taken specified in Item 1, Article 71-6-1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of October 15, 1991) based on provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991)
3. The number of employees is counted as of April 1, 2026. Employees in managerial positions refer to those who have subordinates.
4. Calculated based on the conditions below
 Target period: FY2025 (from April 01, 2025 to March 31, 2026)
 Wages: Include standard pay, non-standard pay, bonuses, and non-statutory benefits, but exclude retirement allowances
 Regular (permanent) employees: Exclude those seconded from the Company to outside but include those seconded from other companies to the Company
 Part-time/fixed-term employees: Include contract (*shokutaku*) employees, part-timers and re-employed workers (full-time and part-time) but exclude dispatched employees
5. Wage disparities between male and female part-time/fixed-term employees of Shionogi TechnoAdvance Research Co., Ltd. are primarily due to differences in the composition of employment categories. The main factor for the disparity is that among re-employed workers, full-time workers, who generally earn higher wages, are predominantly male.
6. Wage disparities between male and female part-time/fixed-term employees of Torii Pharmaceutical Co., Ltd. are primarily due to differences in the composition of employment categories and job positions. In addition to a high proportion of contract employees in management positions, particularly among men, the high percentage of contract employees eligible for bonuses results in a relatively high average wage level.
7. Details about percentage of male employees taking childcare leave

Fiscal year under review			
Consolidated subsidiaries	Percentage of male employees taking childcare leave for 14 days or more (%)	Number of male employees taking childcare leave	Average number of days of childcare leave taken by male employees
Shionogi Pharma Co., Ltd.	87.5	7	62
Shionogi Healthcare Co., Ltd.	100.0	2	48
Shionogi Techno Advance Research Co., Ltd.	100.0	2	77
Torii Pharmaceutical Co., Ltd.	75.0	9	89

<Difference in wages between men and women>

The SHIONOGI Group has introduced and operates a personnel system based on a job rank system, whereby employees are treated according to their duties regardless of their age, gender or other attributes. Therefore, the treatment of men and women is the same, and there is no difference in the compensation system between men and women at the same job rank. However, there are in fact differences because the ratio of women in positions with higher responsibilities and wages is lower than that of men. To eliminate these differences, we have been working to create an environment in which everyone can play an active role regardless of gender. As a result, the ratio of female managers has increased. We will continue to promote initiatives to encourage women's active participation. Our targets for the promotion of women's active participation are described in "II. Business Overview, 2. Views and Initiatives Concerning Sustainability."

Key Ratio Data for the Filing company

Indicator	FY2023	FY2024	FY2025
Percentage of female employees	26.4%	27.0%	25.7%
Percentage of female managers	14.5%	16.9%	17.1%
Percentage of female organization heads	19.1%	24.6%	19.5%
Percentage of female corporate officers	0.0% (0/17)	5.9% (1/17)	5.9% (1/17)
Percentage of female directors (Note)	33.3% (2/6)	33.3% (2/6)	27.3% (3/11)

(Note) Starting in FY2025, the number of directors has changed in accordance with the transition to a company with an Audit and Supervisory Committee.

This is an English translation of the original Japanese-language consolidated financial statements of Shionogi & Co., Ltd. (the “Company”) and its consolidated subsidiaries (collectively, “SHIONOGI”) filed in the “Financial Information” section in the original Japanese report (Yukashoken-Hokokusho) submitted at June 19, 2026 as required by the Financial Instruments and Exchange Act of Japan.

This translation is provided for informational purposes only. Should there be any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.

V. Financial Information

1. Basis of presentation of consolidated and non-consolidated financial statements

- (1) The consolidated financial statements of Shionogi & Co., Ltd. (the “Company”) and its consolidated subsidiaries (collectively, “SHIONOGI”) are prepared in accordance with International Financial Reporting Standards (hereinafter referred to as “IFRS Accounting Standards”) pursuant to Article 312 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976, hereinafter referred to as the “Consolidated Financial Statement Regulations”).
- (2) The non-consolidated financial statements of the Company are prepared in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963, hereinafter referred to as the “Financial Statement Regulations”).

As the Company qualifies as a company submitting non-consolidated financial statements prepared in accordance with special provisions, the Company prepares its non-consolidated financial statements pursuant to Article 127 of the Financial Statements Regulations.

2. Audit certification

Pursuant to the provisions of Article 193-2, Paragraph 1, of the Financial Instruments and Exchange Act, the Company’s consolidated and non-consolidated financial statements for the fiscal year (April 1, 2025 to March 31, 2026) were audited by Ernst & Young ShinNihon LLC.

3. Special efforts to ensure the appropriateness of consolidated financial statements, etc., and establishment of systems to ensure the appropriate preparation of consolidated financial statements, etc., in accordance with IFRS Accounting Standards

The Company makes special efforts to ensure the appropriateness of its consolidated financial statements, etc., and has established systems to ensure the appropriate preparation of consolidated financial statements, etc., in accordance with IFRS Accounting Standards. The details of these are as follows.

- (1) In order to accurately ascertain the content of the accounting standards and establish a system for appropriately addressing changes in these accounting standards, the Company maintains membership in the Financial Accounting Standards Foundation, and regularly participates in seminars and other programs held by the Foundation.
- (2) With respect to the application of IFRS, the Company maintains an understanding of the latest standards by obtaining press releases and standards documents issued by the International Accounting Standards Board on an ad-hoc basis. In addition, in order to prepare appropriate consolidated financial statements, etc., in accordance with IFRS Accounting Standards, the Company has prepared Group accounting policies and accounting guidelines in accordance with IFRS and performs accounting procedures based on these policies and guidelines.

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

i. Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Consolidated Statement of Profit or Loss

Millions of yen

	Notes	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Revenue	5	438,268	499,677
Cost of sales		(63,826)	(82,450)
Gross profit		374,441	417,226
Selling, general and administrative expenses	6	(101,873)	(126,905)
Research and development expenses		(108,612)	(122,843)
Amortization of intangible assets associated with products	13	(4,178)	(6,099)
Other income	7	528	47,151
Other expenses	7	(3,702)	(41,805)
Operating profit		156,603	166,725
Finance income	8,17	53,174	80,796
Finance costs	8	(9,027)	(8,605)
Profit before tax		200,750	238,916
Income tax expense	9	(31,215)	(33,002)
Profit		169,534	205,914

Profit attributable to			
Owners of parent		170,435	205,159
Non-controlling interests		(900)	754
Profit		169,534	205,914

Earnings per share			
Basic earnings per share	10	200.36	241.11
Diluted earnings per share	10	200.29	241.04

Consolidated Statement of Comprehensive Income

Millions of yen

	Notes	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit		169,534	205,914
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	17,22	(4,590)	107,076
Remeasurements of defined benefit plans	22,25	(321)	337
Total of items that will not be reclassified to profit or loss		(4,911)	107,414
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	22	5,928	66,363
Effective portion of cash flow hedges	22,32	794	55
Share of other comprehensive income of investments accounted for using equity method	22,34	(53)	—
Total of items that may be reclassified to profit or loss		6,669	66,419
Total other comprehensive income, net of tax		1,757	173,833
Comprehensive income		171,292	379,748

Comprehensive income attributable to			
Owners of parent		171,262	378,993
Non-controlling interests		30	754
Comprehensive income		171,292	379,748

ii. Consolidated Statement of Financial Position

Millions of yen

	Notes	As of March 31, 2025	As of March 31, 2026
Assets			
Non-current assets			
Property, plant and equipment	11,15	115,412	156,519
Goodwill	12	15,748	35,061
Intangible assets	13,15	143,652	173,553
Right-of-use assets	16	19,395	22,789
Investment property	14	27,722	27,337
Equity-method investments	34	10,429	710,751
Other financial assets	17,32	299,799	107,518
Deferred tax assets	9	13,244	4,344
Other non-current assets	21	31,440	28,660
Total non-current assets		676,844	1,266,535
Current assets			
Inventories	18	65,477	99,396
Trade receivables	19,32	120,553	159,773
Other financial assets	17,32	270,024	310,748
Other current assets	21	27,653	29,020
Cash and cash equivalents	20	374,795	711,397
Total current assets		858,504	1,310,335
Total assets		1,535,349	2,576,870

Millions of yen

	Notes	As of March 31, 2025	As of March 31, 2026
Equity and liabilities			
Equity			
Share capital	22	21,279	21,279
Capital surplus	22,26	17,845	17,824
Treasury shares	22	(65,855)	(65,189)
Retained earnings	22	1,115,729	1,492,697
Other components of equity	22,25,32	272,924	218,603
Equity attributable to owners of parent		1,361,924	1,685,215
Non-controlling interests		572	989
Total equity		1,362,497	1,686,205
Liabilities			
Non-current liabilities			
Lease liabilities	16,32	18,418	18,895
Other financial liabilities	24,32	8,258	3,974
Retirement benefit liability	25	8,018	16,735
Deferred tax liabilities	9	4,401	17,476
Provision	30	—	2,526
Other non-current liabilities	28,31	4,363	3,626
Total non-current liabilities		43,459	63,235
Current liabilities			
Bonds and loans	29	—	660,000
Lease liabilities	16,32	3,464	5,499
Trade payables	27,32	13,579	22,149
Other financial liabilities	24,32	18,091	40,716
Income taxes payable		22,399	18,881
Other current liabilities	28,31	71,857	80,183
Total current liabilities		129,392	827,430
Total liabilities		172,852	890,665
Total equity and liabilities		1,535,349	2,576,870

iii. Consolidated Statement of Changes in Equity

Millions of yen

	Notes	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Equity attributable to owners of parent		
Balance as of April 1, 2024		21,279	14,242	(137,889)	1,065,913	271,778	1,235,325	17,236	1,252,562
Profit					170,435		170,435	(900)	169,534
Total other comprehensive income, net of tax	22					826	826	930	1,757
Comprehensive income		—	—	—	170,435	826	171,262	30	171,292
Purchase of treasury shares	22			(10)			(10)		(10)
Disposal of treasury shares	22		(44)	494			449		449
Cancellation of treasury shares	22		(71,550)	71,550			—		—
Dividends	23				(48,709)		(48,709)	(98)	(48,807)
Changes in ownership interests in subsidiaries	33		3,607				3,607	(16,596)	(12,989)
Transfer from other components of equity to retained earnings	22				(319)	319	—		—
Transfer from retained earnings to capital surplus			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
Profit					205,159		205,159	754	205,914
Total other comprehensive income, net of tax	22					173,833	173,833	—	173,833
Comprehensive income		—	—	—	205,159	173,833	378,993	754	379,748
Purchase of treasury shares	22			(5)			(5)		(5)
Disposal of treasury shares	22		(171)	671			500		500
Dividends	23				(56,196)		(56,196)	(337)	(56,534)
Transfer from other components of equity to retained earnings	22				228,155	(228,155)	—		—
Transfer from retained earnings to capital surplus			150		(150)		—		—
Balance as of March 31, 2026		21,279	17,824	(65,189)	1,492,697	218,603	1,685,215	989	1,686,205

iv. Consolidated Statement of Cash Flows

Millions of yen

	Notes	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities			
Profit before tax		200,750	238,916
Depreciation and amortization		20,933	26,968
Impairment losses (reversals of impairment losses)	7,11,12,13	254	35,040
Bargain purchase gain		—	(43,868)
Finance income and finance costs	8	(52,288)	(71,063)
(Increase) Decrease in trade and other receivables		1,910	(2,582)
(Increase) Decrease in inventories		(388)	(12,728)
(Decrease) Increase in trade and other payables		(1,703)	7,027
Other		5,925	13,952
Subtotal		175,393	191,662
Interest and dividends received		52,190	63,236
Interest paid		(305)	(344)
Income taxes refund (paid)		(31,817)	(40,982)
Net cash provided by (used in) operating activities		195,460	213,572
Cash flows from investing activities			
Payments into time deposits		(382,979)	(116,984)
Proceeds from withdrawal of time deposits		308,606	119,453
Purchase of property, plant and equipment		(17,126)	(14,464)
Purchase of intangible assets		(34,977)	(16,840)
Purchase of investments		(55,521)	(72,379)
Proceeds from sales and redemption of investments		69,095	66,619
Payments for acquisition of businesses		—	(4,271)
Payments for acquisition of subsidiaries	37	(200)	(8,267)
Payments for acquisition of shares of equity-method affiliates	34	(1,125)	(416,446)
Payments for loans receivable		—	(45,000)
Other		(1,852)	2,444
Net cash provided by (used in) investing activities		(116,080)	(506,137)

Millions of yen

	Notes	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from financing activities			
Proceeds from short-term borrowings		—	660,000
Repayments of lease liabilities	32	(3,112)	(4,160)
Purchase of treasury shares	22	(10)	(5)
Dividends paid	23	(48,698)	(56,175)
Dividends paid to non-controlling interests		(98)	(337)
Payments for acquisition of interests in subsidiaries from non-controlling interests	33	(12,989)	—
Net cash provided by (used in) financing activities		(64,908)	599,321
Effect of exchange rate changes on cash and cash equivalents		2,233	29,845
Net increase (decrease) in cash and cash equivalents		16,704	336,602
Cash and cash equivalents at beginning of period	20	358,090	374,795
Cash and cash equivalents at end of period	20	374,795	711,397

Notes to Consolidated Financial Statements

1. Reporting Entity

Shionogi & Co., Ltd. (hereinafter the “Company”) is a public company incorporated in Japan.

The Company and its subsidiaries (collectively, the “SHIONOGI”) engage in research, development, purchasing, manufacturing, distribution and other operations associated with the prescription drug business. The address of the registered head office is disclosed on the Company’s website (<https://www.shionogi.com/global/en/>).

2. Basis of Preparation

(1) Compliance with IFRS Accounting Standards

The consolidated financial statements of SHIONOGI have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”). As the Company meets the requirements of a “Specified Company applying Designated International Financial Reporting Standards” pursuant to Article 1-2-1 of the “Consolidated Financial Statements Regulations”, it has adopted the provision of Article 312 of said regulation.

The consolidated financial statements of SHIONOGI were approved on June 18, 2026 by Isao Teshirogi, Representative Director, President and CEO.

(2) Basis of Measurement

SHIONOGI’s consolidated financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value, etc. as described in Note “3. Material Accounting Policies.”

(3) Functional Currency and Presentation Currency

SHIONOGI’s consolidated financial statements are presented in Japanese yen, which is the functional currency of the Company. All financial information presented in Japanese yen has been rounded down to the nearest million.

(4) Significant Accounting Judgments, Estimates, and Assumptions

The preparation of SHIONOGI’s consolidated financial statements requires management to make certain judgments, estimates, and assumptions that affect the reported amount of revenue, expenses, assets and liabilities. Actual results could differ from these estimations due to uncertainties of these estimations and assumptions. In addition, these estimates and underlying assumptions are reviewed on a continuous basis. The effects of these revisions to accounting estimates and assumptions are recognized in the accounting period in which the estimates and assumptions are revised and in any future accounting periods affected by the revision.

Significant items on which management makes its estimates and judgments are as follows:

- Impairment of non-financial assets (See Note “3. Material Accounting Policies (5) Property, Plant and Equipment, (6) Goodwill, (7) Intangible Assets, (10) Impairment of Non-Financial Assets;” Note “11. Property, Plant and Equipment;” Note “12. Goodwill;” and Note “13. Intangible Assets”).

In the consolidated statement of financial position, the Company has recorded 156,519 million yen in property, plant, and equipment, 35,061 million yen in goodwill, and 173,553 million yen in intangible assets. In calculating the recoverable amount of these assets in the impairment tests, assumptions are made regarding sales forecasts in the business plan and discount rates and the likelihood of regulatory approval for pre-launch products, etc. These estimations could be affected by changes in future economic conditions, and if the recoverable amount decreases, impairment loss could be recorded.

- Fair value measurement of intangible assets identified in connection with the acquisition of the JT Pharmaceutical Business (See Note 3. Material Accounting Policies (7) Intangible Assets and (10) Impairment of Non-Financial Assets; and Note 13. Intangible Assets.)

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

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

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

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

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

(5) New or Amended Accounting Standards and Interpretations Not Yet Adopted

Of the standards and interpretations that have been newly established or revised by the approval date of the consolidated financial statements, the main ones that SHIONOGI has not early adopted are as follows. The impact of adopting these standards on the consolidated financial statements is under consideration.

Standards	Standard name	Effective date (Fiscal years beginning on or after)	Fiscal year of adoption by SHIONOGI	Description
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Year ending March 31, 2028	New standard replacing IAS 1, the current accounting standard for presentation and disclosure in financial statements

(6) Changes in Presentation

(Consolidated Statement of Financial Position)

“Equity-method investments,” which were included in “Other non-current assets” in the fiscal year ended March 31, 2025, are now presented separately starting from the fiscal year ended March 31, 2026 because of their increased significance.

To reflect this change in presentation, the 10,429 million yen included in “Other non-current assets” in the consolidated financial statements for the fiscal year ended March 31, 2025 has been reclassified and presented as “Equity-method investments.”

3. Material Accounting Policies

SHIONOGI has consistently applied the following accounting policies for all periods presented in the consolidated financial statements, unless otherwise stated.

(1) Basis of Consolidation

1) Subsidiaries

Subsidiaries are entities controlled by SHIONOGI. SHIONOGI is considered to control an entity that is an investee when it is exposed, or has rights, to variable returns from involvement with the investee and has an ability to affect those returns through power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date SHIONOGI obtains control of a subsidiary until the date when it loses control of the subsidiary.

The financial statements of subsidiaries with different reporting dates are prepared provisionally as of the consolidated reporting date.

Changes in ownership interests in subsidiaries that do not result in loss of control are accounted for as equity transactions. Any difference between the adjustment to non-controlling interests and the fair value of consideration transferred or received, is recognized directly in equity as equity attributable to owners of parent.

All intragroup balances, transactions, and unrealized gains and losses resulting from intragroup transactions have been eliminated in consolidation.

2) Associates and Joint Ventures

An associate is an entity over which SHIONOGI has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not a controlling interest. If SHIONOGI holds between 20% to 50% of the voting power, it is presumed to have significant influence. A joint venture is an entity in which two or more parties, including SHIONOGI, share contractually agreed control over economic activities and where strategic financial and operating decisions related to these activities require the consent of all parties sharing control.

Investments in associates and joint ventures held by SHIONOGI are accounted for by the equity method.

3) Business Combinations

Business combinations are accounted for using the purchase method.

The identifiable assets acquired and the liabilities assumed of the acquiree are measured in principle at the fair value at the acquisition date.

Goodwill is measured as the excess of the aggregate of the consideration transferred in a business combination, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously-held equity interests in the acquiree, over the acquisition-date fair value of the identifiable net assets acquired. The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree, and the equity interests issued by the acquirer.

Non-controlling interests are initially measured either at fair value or at the non-controlling interests' proportionate shares of the recognized amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

Acquisition-related costs incurred in connection with business combinations, such as finder's fees and advisory fees are recognized as expenses in the period they are incurred.

In addition, any additional acquisition of non-controlling interests after SHIONOGI obtains the control of a subsidiary is accounted for as an equity transaction, for which no goodwill is recognized.

(2) Foreign Currency Translations

1) Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or rates that approximate the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the spot rates of exchange at the end of each reporting period. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into the functional currency using the exchange rates in effect on the date when the fair value was determined.

Exchange differences arising from the translation or settlement are recognized in profit or loss. However, exchange differences arising from financial assets measured at fair value through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

2) Translation of Foreign Operations

Assets and liabilities of foreign operations are translated at the spot rates of exchange at the end of each reporting period, and incomes and expenses are translated at the exchange rates at the dates of the transactions or rates that approximate the exchange rates at the dates of the transactions. Exchange differences arising from translation are recognized in other comprehensive income.

On the disposal of the interests in a foreign operation, the cumulative amounts of exchange differences on translation of foreign operations is reclassified to profit or loss.

(3) Revenue

SHIONOGI recognizes revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for a good or service to a customer using the five-step approach below, except for interest and dividend income, etc. as defined in IFRS 9.

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the separate performance obligations in the contract
- Step 5: Recognize revenue when, or as, the performance obligations are satisfied

In addition, in terms of a promise to grant a license as a separate performance obligation, SHIONOGI considers whether the nature of the promise in granting the license to a customer is to provide the customer with either of the following benefits in determining whether the transfer to the customer occurs at a point in time or over time:

- 1) A right to access SHIONOGI's intellectual property as it exists throughout the license period; or
- 2) A right to use SHIONOGI's intellectual property as it exists at the point in time at which the license is granted.

If SHIONOGI determines that the nature of its promise to transfer the license is to provide the customer with a right to access SHIONOGI's intellectual property as it exists throughout the license period, SHIONOGI accounts for the promise to grant the license as the performance obligation satisfied over time.

If SHIONOGI determines that the nature of its promise to transfer the license is to provide the customer with a right to use SHIONOGI's intellectual property as it exists at the point in time at which the license is granted, SHIONOGI accounts for the promise to grant the license as a performance obligation satisfied at a point in time.

Notwithstanding the above, revenue in the form of sales-based or usage-based royalties is recognized when (or as) the later of following events occurs:

- 1) The subsequent sales or usage occurs; and
- 2) The performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

(4) Income Taxes

Income taxes consist of current taxes and deferred taxes.

1) Current Taxes

Current tax is measured at the expected amount to be paid to or received from the tax authorities, applying the tax rates and tax laws and regulations that have been enacted or substantively enacted by the end of the reporting period. Current tax recognized in profit or loss does not include taxes arising from items directly recognized in other comprehensive income or equity and taxes arising from business combinations.

2) Deferred Taxes

Deferred taxes are calculated based on the temporary differences determined by comparing the carrying amounts of assets and liabilities for financial reporting purposes with the tax base at the end of the reporting period. Deferred tax assets are recognized for deductible temporary differences, unused tax credits and tax loss carryforwards to the extent that it is probable that future taxable profit will be available. Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax assets and liabilities arising from the following temporary differences are not recognized:

- Temporary differences arising from the initial recognition of goodwill;
- Temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither the accounting profit nor taxable profit (tax loss) at the time of the transaction, and that does not give rise to taxable temporary differences and deductible temporary differences;
- Deductible temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, when it is probable that the temporary difference will not reverse in the foreseeable future or it is not probable that taxable profits will be available against which the deductible temporary differences can be utilized; or

- Taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, when SHIONOGI is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the periods in which the temporary differences are expected to reverse based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset when SHIONOGI has a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity.

3) Global Minimum Tax

SHIONOGI applies the temporary exception provided for in IAS 12 “Income Taxes,” and it has not recognized or disclosed deferred tax assets and liabilities related to income taxes arising from the Global Minimum Tax system.

(5) Property, Plant and Equipment

SHIONOGI uses the cost model to measure property, plant and equipment after recognition. Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Acquisition cost includes costs directly attributable to the acquisition and asset dismantlement, removal, and restoration costs.

Property, plant and equipment other than land and construction in progress are depreciated using the straight-line method over the estimated useful life of the respective asset.

The estimated useful lives of major items of property, plant and equipment are as follows:

- Buildings and structures 2 to 60 years
- Machinery and vehicles 2 to 17 years

Depreciation methods, useful lives and residual values are reviewed at the end of each fiscal year and revised if necessary.

(6) Goodwill

Goodwill is stated at acquisition cost less accumulated impairment losses.

Goodwill is not amortized.

(7) Intangible Assets

SHIONOGI uses the cost model to measure intangible assets after recognition. Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses.

Intangible assets acquired separately are measured at acquisition cost. Acquisition cost of intangible assets acquired in a business combination are measured at fair value at the acquisition date.

Internally generated development expenditures are recognized as intangible assets only when they satisfy all criteria for recognizing them as assets. However, internally generated development expenditures incurred before the acquisition of marketing and manufacturing approval, such as clinical trial costs, etc., are recognized as expenses when incurred as they do not satisfy capitalization criteria due to uncertainties related to length and other factors in development.

Product or technology in-license agreements, and products or research and development rights acquired through business combinations which are still in the research and development phase and have not yet received marketing approval from regulatory authorities (regulatory approval) are recognized as in-process research and development and are included in “Intangible assets associated with products.”

Expenditures associated with acquired in-process research and development are capitalized only when they are expected to bring future economic benefits to SHIONOGI and are identifiable. These include upfront payments to third parties and milestone payments when the milestone is achieved.

Intangible assets with finite useful lives are amortized by the straight-line method over their estimated useful lives from the date when they are available for their intended use.

The estimated useful lives of major intangible assets are as follows:

- Intangible assets associated with products 4-15 years
- Software 5 years

Amortization methods, residual values and useful lives are reviewed annually and revised as necessary.

Intangible assets not yet available for use are not amortized.

(8) Leases

1) Identifying leases

At the inception of a contract, SHIONOGI assesses whether the contract is, or contains, a lease.

A contract is a lease, or contains a lease, if it conveys the right to use an identified asset for a period of time in exchange for consideration.

2) As lessee

SHIONOGI recognizes the right-of-use asset and lease liability at the commencement date of the lease. For short-term leases and leases for which the underlying asset is of low value, SHIONOGI has elected to recognize the lease payments as an expense over the lease term using the straight-line method or other systematic basis.

Right-of-use assets are measured using the cost model and are stated at cost less accumulated depreciation and accumulated impairment loss. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset is calculated based on the assumption that the lessee is reasonably certain to exercise a purchase option, SHIONOGI depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, SHIONOGI depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

At the commencement date, SHIONOGI measures the lease liability at the present value of the lease payments that are not paid at that date. In subsequent periods, SHIONOGI reduces the carrying amount of the lease liability to reflect the interest on the lease liability and lease payments made.

3) As lessor

SHIONOGI classifies leases as operating leases if they do not transfer substantially all the risks and rewards incidental to ownership of the underlying assets.

Lease payments from operating leases are recognized as revenue using the straight-line method or other systematic basis.

(9) Investment Property

Investment property is held to earn rentals or capital appreciation or both. Investment property is measured similarly to property, plant and equipment.

(10) Impairment of Non-Financial Assets

For non-financial assets other than inventories and deferred tax assets, SHIONOGI assesses whether there is any indication that an asset or cash-generating unit may be impaired. If any indication of impairment exists, SHIONOGI estimates the recoverable amount of the asset or cash-generating unit and tests for impairment.

Goodwill and intangible assets not yet available for use are tested for impairment at least annually regardless of any indication of impairment. In addition, SHIONOGI tests for impairment when any indication of impairment exists.

The recoverable amount is determined at the higher of its fair value less costs of disposal, or its value in use. In determining value in use, estimated future cash flows from the asset or cash-generating unit are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

If the recoverable amount is less than the carrying amount of the asset or cash-generating unit, the carrying amount is reduced to the recoverable amount and the difference is recognized as an impairment loss in profit or loss.

An asset or a cash-generating unit other than goodwill, for which impairment losses were recognized in prior years, is assessed for any indication that the impairment loss may have reversed. If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated. If the recoverable amount exceeds the carrying amount of the asset or cash-generating unit, the impairment loss is reversed up to the carrying amount less depreciation that would have been determined if no impairment loss had been recognized in prior years, and is recognized in profit or loss. Impairment loss is not reversed for goodwill.

(11) Inventories

Inventories consist primarily of merchandise and finished goods, work in progress, and raw materials and supplies.

Inventories are measured at the lower of acquisition cost and net realizable value. The acquisition cost of inventories is determined using the weighted-average cost formula and includes raw materials, direct labor and other direct costs, and related manufacturing overhead costs. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs required for sales.

(12) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value and due within three months from the date of acquisition.

(13) Equity

1) Ordinary Shares

Proceeds from the issuance of ordinary shares by the Company are recognized in share capital and capital surplus. Transaction costs (post-tax) directly attributable to the issuance of ordinary shares are recognized as a deduction from equity.

2) Treasury Shares

When the Company acquires treasury shares, direct acquisition cost (post-tax) is recognized as a deduction from equity.

When the Company sells treasury shares, the consideration received is recognized as an increase in equity.

(14) Employee Benefits

1) Post-employment Benefits

(i) Defined Benefit Plans

The present value of defined benefit plan obligations and related current service cost and past service cost are calculated for each individual plan using the projected unit credit method. The discount rate is determined with reference to the market yields on high-quality corporate bonds at the end of the reporting period corresponding to the expected future benefit payment date. The net defined benefit liabilities or assets are calculated by deducting the fair value of the plan assets from the present value of the defined benefit obligations. When a defined benefit plan has a surplus, the net defined benefit asset is limited to the asset ceiling, which is the present value of future economic benefits available in the form of refunds or reductions in future contributions to the plan. Remeasurements of defined benefit plans are recognized in full in other comprehensive income and immediately transferred to retained earnings in the period in which they are recognized.

(ii) Defined Contribution Plans

The costs for defined contribution plans are recognized as expenses when the employees render the related service.

2) Short-term Employee Benefits

Short-term employee benefits are recognized as expenses when the associated services are rendered by employees at undiscounted amounts. Bonuses and expenses for paid absences are recognized as liabilities for the expected benefit payment when SHIONOGI has a present legal or constructive obligation to pay for employee benefits and a reliable estimate is available for the obligation.

(15) Share-based Remuneration

SHIONOGI has implemented a share option plan and a restricted share-based remuneration plan as equity-settled share-based payment plans.

No share options have been granted through the share option plans since 2018, and all share options granted had already vested before the date of transition to IFRS. SHIONOGI does not retrospectively apply IFRS 2 “Share-based Payments” to equity instruments that vested before the date of transition to IFRS under the exemption of IFRS 1 “First-time Adoption of International Financial Reporting Standards.”

The restricted share-based remuneration plan is recognized as an expense over the period from the grant date to vesting, and the same amount is recognized as an increase in equity. The fair value of restricted share-based remuneration is measured with reference to the fair value of the Company’s ordinary shares on the grant date.

In addition, SHIONOGI has implemented a cash-settled share-based payment plan linked to share price.

SHIONOGI recognizes the fair value of cash-settled share-based payments in liabilities and recognizes any changes in fair value in profit or loss until the date of settlement.

(16) Government Grants

Government grants are recognized at fair value when there is reasonable assurance that SHIONOGI will comply with the conditions attached to them and receive the grants.

Government grants related to assets are recognized as deferred income and are systematically recognized in profit or loss over the estimated useful lives of the assets.

Government grants related to income are systematically recognized in profit or loss over the periods in which SHIONOGI recognizes as expenses the related costs for which the grants are intended to compensate.

(17) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, the amount of which can be reasonably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the best estimate of the expenditure (future cash flows) required to settle the present obligation as of the end of the reporting period. When the effect of the time value of money is material, provisions are measured at present value by discounting estimated future cash flows using a pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount due to the passage of time is recognized as a finance cost.

(18) Financial Instruments

1) Non-derivative Financial Assets

(i) Initial Recognition and Measurement

Trade receivables included in financial assets are recognized on the date when they are incurred. All other financial assets are initially recognized on the date SHIONOGI becomes party to the contractual provisions of the instrument.

At initial recognition, financial assets are classified into financial assets measured at amortized cost or financial assets measured at fair value.

This classification is carried out as follows, depending on whether the financial asset is a debt instrument or an equity instrument.

(a) Financial Assets Classified into Debt Instruments

Debt instruments are classified as financial assets measured at amortized cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In addition, debt instruments are classified as financial assets measured at fair value through other comprehensive income if both of the following conditions are met:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments not meeting the two business models above conditions are classified as financial assets measured at fair value through profit or loss.

(b) Financial Assets Classified into Equity Instruments

In principle, equity instruments are classified as financial assets measured at fair value through profit or loss.

However, on initial recognition, an equity instrument that is not held for trading is permitted to be classified individually as financial assets measured at fair value through other comprehensive income per each equity instrument.

In principle, financial assets are measured at fair value plus directly attributable transaction costs.

However, trade receivables that do not include a significant financing component are measured at the transaction price.

In addition, transaction costs for financial assets measured at fair value through profit or loss are expensed as incurred and recorded in profit or loss.

(ii) Subsequent Measurement

(a) Financial Assets Measured at Amortized Cost

These assets are subsequently measured at amortized cost using the effective interest method. Interest is recognized in profit or loss as "Finance income." The interest is reduced if impairment loss is necessary to be recognized.

(b) Financial Assets Measured at Fair Value

These assets are subsequently measured at fair value.

For equity instruments SHIONOGI has elected to measure at fair value through other comprehensive income, subsequent changes in fair value are recognized in other comprehensive income, and cumulative gain or loss is transferred to retained earnings when the financial asset is derecognized. Dividends from these financial assets are recognized in profit or loss as "Finance income."

In addition, for debt instruments classified as financial assets measured at fair value through other comprehensive income, change in fair value is recognized in other comprehensive income until derecognition or a change in classification, excluding impairment losses (or reversals) and foreign exchange gains or losses. Upon derecognition of the financial assets, cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.

For assets other than the above, changes in fair value are recognized in profit or loss.

(iii) Impairment

Financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income

included in debt instruments are assessed at the end of each reporting period to determine if the credit risk of the assets has increased significantly since initial recognition. SHIONOGI recognizes the following amounts as allowance for doubtful accounts, depending on whether there is a significant increase in credit risk since initial recognition.

(a) Credit risk has not increased significantly since initial recognition

--An amount equal to the 12-month expected credit losses

(b) Credit risk has increased significantly since initial recognition

--An amount equal to the lifetime expected credit losses

Notwithstanding the above, allowance for doubtful accounts for trade receivables and lease receivables is always recognized in an amount equal to lifetime expected credit losses since initial recognition.

Expected credit loss is calculated as the present value of the difference between the contractual cash flows SHIONOGI should receive and the cash flows SHIONOGI expects to receive.

Provision for allowance for doubtful accounts is recognized in profit or loss. If an event occurs that reduces the allowance for doubtful accounts, the reversal of allowance for doubtful accounts is recognized in profit or loss.

(iv) Derecognition

SHIONOGI derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

2) Non-derivative Financial Liabilities

(i) Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities measured at amortized cost and financial liabilities measured at fair value through profit or loss. Financial liabilities are initially recognized on the transaction date when SHIONOGI becomes party to contractual provisions of the financial liabilities.

Financial liabilities are initially measured at fair value. However, directly attributable transaction costs are deducted from the fair value of financial liabilities measured at amortized cost.

(ii) Subsequent Measurement

Financial liabilities are subsequently measured after initial recognition according to their classification, as follows:

(a) Financial Liabilities Measured at Amortized Cost

These liabilities are subsequently measured at amortized cost using the effective interest method. Amortization under the effective interest method and gains and losses on derecognition are recognized in profit or loss as "Finance income" or "Finance costs."

(b) Financial Liabilities Measured at Fair Value through Profit or Loss

These liabilities are subsequently measured at fair value. Changes in fair value are recognized in profit or loss.

(iii) Derecognition

SHIONOGI derecognizes a financial liability when the obligation specified in the contract is discharged, cancelled, or expires.

3) Derivatives and Hedge Accounting

SHIONOGI hedges risks arising from exposure to fluctuations in foreign currency exchange rates using derivative financial instruments such as forward foreign exchange contracts and other.

Derivatives are initially recognized at fair value at the contract inception date and are subsequently measured at fair value. In principle, changes in the fair value of derivatives are recognized in profit or loss.

However, SHIONOGI designates certain derivatives as cash flow hedges. The effective portion of changes in the fair value of derivatives designated is recognized in other comprehensive income if qualifying criteria for hedge accounting are met. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Gain or loss related to hedging instruments previously recognized in other comprehensive income is reclassified to profit or loss when the hedged transaction affects profit or loss.

However, when the hedged forecasted transactions subsequently result in the recognition of a non-financial asset or a non-financial liability, the gain or loss previously recognized in other comprehensive income is recognized as an adjustment to the initial carrying amount of the asset or liability.

4) Financial guarantee contracts

A financial guarantee contract is a contract that requires the guarantor to compensate the guarantee for losses incurred by the guarantee for failure of specific debtors to make payments when due according to the original or modified terms of a debt instrument.

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

4. Segment Information

(1) Outline of Reportable Segments

SHIONOGI operates as a single business segment related to research, development, purchasing, manufacturing, distribution and other operations associated with the prescription drug business. While SHIONOGI analyzes sales by product and evaluates earnings by Group companies, it makes decisions about business strategy and allocates resources, especially research and development expenditures, on a Group-wide basis. Therefore, disclosure of segment information is omitted.

(2) Information by Product and Service

Revenue from external customers for each product and service is described in Note “5. Revenue.”

(3) Geographical Information

Revenue and non-current assets by region are as follows:

1) Revenue

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Japan	130,003	152,107
Europe	265,673	298,810
United Kingdom	245,512	266,860
North America	23,437	33,088
United States of America	23,437	33,088
Other	19,154	15,670
Total	438,268	499,677

Notes:

1. Revenue information is classified by country or region based on customer location.
2. The main countries and regions included in each geographic category other than Japan are as follows:
 - (1) Europe: United Kingdom, Switzerland, and others
 - (2) North America: United States of America and others
 - (3) Other: Asia and others

2) Non-current Assets

	Millions of yen	
	As of March 31, 2025	As of March 31, 2026
Japan	311,493	407,746
Europe	2,949	2,743
United States of America	40,525	30,111
Other	8,832	3,320
Total	363,801	443,921

Notes:

1. Non-current assets are classified by country or region based on asset location and exclude financial instruments and deferred tax assets
2. The main countries and regions included in each geographic category other than Japan are as follows:
 - (1) Europe: United Kingdom and others
 - (2) Other: Asia and others

(4) Information Related to Major Customers

The following customers accounted for 10% or more of Group revenue for the fiscal years ended March 31, 2025 and 2026.

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
ViiV Healthcare Ltd.	240,404	261,335

5. Revenue

(1) Breakdown of Revenue

The breakdown of revenue for the fiscal years ended March 31, 2025 and 2026 is as follows:

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Prescription drugs in Japan	98,762	123,454
Exports and overseas subsidiaries	59,084	64,961
Contract manufacturing	17,254	15,070
Over-the-counter drugs	16,816	15,046
Royalty income	244,669	278,605
Other revenue	1,680	2,539
Total	438,268	499,677

“Revenue” in the consolidated statement of profit or loss is revenue recognized from contracts with customers and revenue recognized from other sources. Revenue recognized from other sources is not material. In addition, SHIONOGI omits disclosure of segment information as described in Note “4. Segment Information.”

Revenue of the SHIONOGI Group is composed of the following: Revenue from prescription drugs in Japan includes prescription drug sales in Japan and compensation associated with co-promotion agreements. Revenue from exports and overseas subsidiaries consists of revenue from the sale of prescription drugs through export transactions, revenue from the sale of prescription drugs recognized by overseas subsidiaries and royalty income related to prescription drugs. Revenue from contract manufacturing includes income associated with contract manufacturing of active pharmaceutical ingredients (APIs). Revenue from sales of over-the-counter drugs includes sales revenue and royalty income from over-the-counter drugs of the Company and its domestic subsidiaries. Royalty income includes royalty income related to prescription drugs recognized by the Company and its domestic subsidiaries. Other revenue includes sales of diagnostics and revenue recognized by domestic subsidiaries.

With regard to sales of prescription drugs and over-the-counter drug sales in Japan and overseas, revenue from sales within the same country is recognized when the product is delivered to the customer, unless otherwise specified by contract, while revenue from export sales is recognized at the point in time when the performance obligation is satisfied, which is when the customer is deemed to obtain control over the product based on terms and conditions of trade, etc. Consideration for the transaction is generally received within four months after the satisfaction of the performance obligation.

Some transactions involve variable consideration in the form of rebates to customers based on the sales volume of related products to promote sales of Group products. The amount of variable consideration is estimated based on contract terms, etc., and the transaction price is adjusted accordingly. However, significant reversals of cumulative revenue recognized will generally not occur since SHIONOGI can reasonably estimate rebates payable to customers. Therefore, SHIONOGI has determined that its estimates of variable consideration are not constrained.

In addition, SHIONOGI sells products for which the customer has a right of return. SHIONOGI calculates expected returns for these products based on the estimated rate of return, deducts this amount from sales revenue, and recognizes a refund liability in the same amount. Furthermore, since SHIONOGI's products are difficult to resell due to their nature, SHIONOGI does not recognize an asset for its right to recover products from customers on settling the refund liability.

For contract API manufacturing, SHIONOGI generally determines that its performance obligation is satisfied when the customer takes delivery of the API and recognizes revenue at that time. Consideration for the transaction is generally received within two months after the satisfaction of the performance obligation.

SHIONOGI out-licenses the use of intellectual property such as patents SHIONOGI owns to the counterparties of licensing contracts. SHIONOGI considers the performance obligation of these contracts to be satisfied at a point in time, as it does not plan to undertake any activities that significantly affect the intellectual property provided under the contract. SHIONOGI recognizes revenue at the point in time when the performance obligation is satisfied by granting the license to the licensee.

Consideration for out-licensing consists mainly of upfront payments when an agreement is concluded; milestone payments when the prescribed research and development, sales and other milestones are achieved; and royalties based on sales or sales volume. Receipt of consideration is generally within two months after the requisite conditions have been satisfied.

SHIONOGI receives the milestone payments, included in the consideration for out-licensing, if a pre-determined milestone is achieved. As the achievement of specified milestones is uncertain, however, the amount of consideration to which SHIONOGI will be entitled is variable. SHIONOGI estimates entitlement to consideration that includes a variable component and only includes it in the transaction price and recognizes it as revenue when the uncertainty regarding the variable consideration is subsequently resolved to the extent that it is highly probable that a material reversal of cumulative revenue recognized will not occur. As the receipt of milestone payments is contingent on the decisions and actions of the licensee and uncertainties may not have been resolved for a long term, there is a possibility that a significant reversal of revenue occurs when uncertainties are resolved. As a result, variable consideration estimates are constrained in licensing transactions that involve the receipt of milestone payments that occur when the pre-determined milestones are achieved.

However, revenue in the form of sales-based or usage-based royalties is recognized at the latter of when or within the term of (1) the subsequent sale or usage occurs or (2) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated is satisfied (in whole or in part).

SHIONOGI has elected not to adjust for the effect of significant financing components, at contract inception, if a period between when SHIONOGI provides its products or services to customers and when the customers pay for the products or services is expected to be one year or less.

In addition, SHIONOGI does not sell products with warranties or similar rights.

(2) Contract Balances

Contract balances are as follows:

	Receivables arising from contracts with customers			Millions of yen
	Notes receivable	Accounts receivable	Total	Contract liabilities
As of April 01, 2024	257	122,656	122,913	471
As of March 31, 2025	209	120,891	121,101	1,435
As of March 31, 2026	229	159,647	159,876	1,205

SHIONOGI had no contract assets as of March 31, 2025 and 2026.

Impairment losses recognized for receivables arising from contracts with customers are described in Note "32. Financial Instruments."

Revenue recognized in the reporting period included in the contract liability balance at the beginning of the fiscal year was 394 million yen and 246 million yen for the years ended March 31, 2025 and 2026, respectively.

Revenue recognized in the reporting period from performance obligations achieved in previous years was 248,238 million yen and 279,255 million yen for the years ended March 31, 2025 and 2026, respectively. These were arising from milestone payments and royalty income for which the relevant conditions were satisfied by SHIONOGI in the years ended March 31, 2025 and 2026 which were included in a component of the consideration for the licensing contract which the performance obligations were achieved at the time of granting a license.

(3) Transaction Price Allocated to Remaining Performance Obligations

SHIONOGI applies the practical expedient under IFRS 15 “Revenue from Contracts with Customers,” Paragraph 121 and does not disclose information regarding remaining performance obligations with an initial expected period of one year or less. SHIONOGI has no material transactions with the original expected contract duration exceeding one year. There are no considerations from contracts with customers that are not included in the transaction price.

(4) Assets Recognized from the Costs to Obtain or Fulfill a Contract with a Customer

No assets were recognized from the costs to obtain or fulfill a contract with a customer as of March 31, 2025 and 2026. SHIONOGI has elected to recognize these costs as expenses when incurred if the amortization period for the assets recognized from the costs to obtain or fulfill a contract with a customer is one year or less.

6. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is as follows:

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Salaries and bonuses	34,619	40,997
Retirement benefit expenses	1,916	2,174
Legal welfare expenses	4,568	5,398
Outsourcing expenses	21,134	28,638
Advertising expenses	6,740	7,639
Sales promotion expenses	6,411	6,645
Depreciation and amortization	4,815	6,591
Other	21,666	28,819
Total	101,873	126,905

7. Other Income and Other Expenses

(1) Other Income

The breakdown of other income is as follows:

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Bargain purchase gain	—	43,868
Reversal of impairment losses	217	—
Other	311	3,283
Total	528	47,151

Notes:

1. “Bargain purchase gain” for the fiscal year ended March 31, 2026 was recorded due to the business combination involving JT Pharmaceutical Business and Akros.
2. “Reversal of impairment losses” for the fiscal year ended March 31, 2025 are presented in “13. Intangible Assets.”

(2) Other Expenses

The breakdown of other expenses is as follows:

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Impairment losses	471	35,040
Investment loss under equity method	768	2,293
Donations	503	1,053
Loss on retirement of fixed assets	629	848
Extra retirement payments	860	—
Other	469	2,569
Total	3,702	41,805

Notes:

1. “Impairment losses” for the fiscal years ended March 31, 2025 and 2026 are presented in “11. Property, Plant and Equipment”, “12. Goodwill” and “13. Intangible Assets.”
2. “Extra retirement payments” for the fiscal year ended March 31, 2025 is related to the transfer program to subsidiaries.

(Changes in Presentation)

“Litigation expenses” which were independently presented for the fiscal year ended March 31, 2025, are included in “Other” from the fiscal year ended March 31, 2026 because the amount has become insignificant. To reflect this change in presentation, notes to the consolidated financial statements for the fiscal year ended March 31, 2025 have been reclassified. As a result, 208 million yen presented as “Litigation expenses” for the fiscal year ended March 31, 2025 has been reclassified as “Other.”

8. Finance Income and Finance Costs

(1) Finance Income

The breakdown of finance income is as follows:

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Interest income		
Financial assets measured at amortized cost	11,143	13,019
Dividend income		
Financial assets measured at fair value through other comprehensive income	41,250	53,679
Financial assets measured at fair value through profit or loss	—	59
Subtotal	41,250	53,739
Foreign exchange gain	—	5,935
Change in fair value of contingent considerations	—	4,919
Other	780	3,182
Total	53,174	80,796

(2) Finance Costs

The breakdown of finance costs is as follows:

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Interest expenses		
Financial liabilities measured at amortized cost	110	155
Lease liabilities	227	341
Subtotal	338	496
Loss on valuation of derivatives	5,760	7,320
Foreign exchange loss	1,004	—
Change in fair value of contingent considerations	616	—
Other	1,308	788
Total	9,027	8,605

9. Deferred Taxes and Income Taxes

(1) Deferred Taxes

1) Major items and changes in deferred tax assets and deferred tax liabilities are as follows:

(i) Year ended March 31, 2025

Millions of yen

	As of April 1, 2024	Recognized in profit or loss	Recognized in other comprehensive income	Other(Note)	As of March 31, 2025
Deferred tax assets					
Research and development expenses	20,427	2,564	—	—	22,991
Inventories	7,956	(435)	—	—	7,520
Accrued bonuses	1,760	(18)	—	—	1,742
Temporary differences associated with investments in subsidiaries	612	(1,156)	1,352	—	808
Accrued enterprise taxes	1,306	(339)	—	—	966
Accrued paid absences	744	(12)	—	—	731
Other payables and accrued expenses	1,944	133	—	—	2,078
Retirement benefit asset and liability	2,453	(453)	525	—	2,525
Cash flow hedges	379	—	(372)	—	6
Lease liabilities	869	4,813	—	—	5,683
Tax loss carryforwards	5,243	4,255	—	—	9,499
Other	274	3,921	—	—	4,195
Subtotal	43,971	13,273	1,504	—	58,749
Deferred tax liabilities					
Intangible assets associated with products	10,971	9,073	—	(90)	19,953
Reserve for advanced depreciation of property, plant and equipment	1,414	(328)	—	—	1,086
Gain on exchange for investments in securities	965	28	—	—	994
Gain on land and building exchange	6,685	111	—	—	6,796
Temporary differences associated with investments in subsidiaries	2,918	(38)	1,670	—	4,550
Financial assets measured at fair value through other comprehensive income	8,388	—	2,071	—	10,459
Right-of-use assets	843	4,798	—	—	5,641
Other	2,618	(2,341)	—	146	424
Subtotal	34,806	11,302	3,741	55	49,906
Net deferred tax assets (liabilities)	9,165	1,970	(2,236)	(55)	8,843

Note: In addition to Exchange differences on translation of foreign operations, the change due to business combinations and other are included in Other.

(ii) Year ended March 31, 2026

Millions of yen

	As of April 1, 2025	Recognized in profit or loss	Recognized in other comprehensive income	Other(Note)	As of March 31, 2026
Deferred tax assets					
Research and development expenses	22,991	3,547	—	3,168	29,707
Inventories	7,520	1,249	—	2,014	10,784
Accrued bonuses	1,742	(251)	—	916	2,407
Temporary differences associated with investments in subsidiaries	808	(74)	214	—	947
Accrued enterprise taxes	966	461	—	—	1,428
Accrued paid absences	731	(92)	—	367	1,006
Other payables and accrued expenses	2,078	(97)	—	—	1,980
Retirement benefit asset and liability	2,525	1,068	(1,237)	—	2,356
Cash flow hedges	6	—	(6)	—	—
Lease liabilities	5,683	780	—	—	6,463
Tax loss carryforwards	9,499	(5,714)	—	—	3,784
Other	4,195	1,611	10	—	5,817
Subtotal	58,749	2,487	(1,018)	6,467	66,686
Deferred tax liabilities					
Intangible assets associated with products	19,953	(9,929)	—	(792)	9,232
Reserve for advanced depreciation of property, plant and equipment	1,086	237	—	—	1,324
Gain on exchange for investments in securities	994	—	—	—	994
Gain on land and building exchange	6,796	(102)	—	—	6,694
Temporary differences associated with investments in subsidiaries	4,550	5,800	452	—	10,803
Financial assets measured at fair value through other comprehensive income	10,459	—	2,795	—	13,255
Cash flow hedges	—	—	19	—	19
Right-of-use assets	5,641	468	—	—	6,110
Gain on bargain purchase	—	(1,694)	—	26,115	24,421
Other	424	4,066	—	2,472	6,963
Subtotal	49,906	(1,152)	3,267	27,795	79,818
Net deferred tax assets (liabilities)	8,843	3,639	(4,286)	(21,328)	(13,132)

Note: In addition to Exchange differences on translation of foreign operations, the change due to business combinations and other are included in Other.

2) Unrecognized Deferred Tax Assets

Tax loss carryforwards, future deductible temporary differences, and unused tax credits for which deferred tax assets are not recognized are as follows:

Millions of yen

	As of March 31, 2025	As of March 31, 2026
Tax loss carryforwards	136,388	135,923
Future deductible temporary differences	135,743	66,386
Unused tax credits	5,315	8,575

3) Expiration of Unrecognized Deferred Tax Assets

(i) Expiration of Tax Loss Carryforwards for Which Deferred Tax Assets Were Not Recognized

Tax loss carryforwards for which deferred tax assets were not recognized will expire as follows:

Millions of yen

	As of March 31, 2025	As of March 31, 2026
1st year	19	596
2nd year	140	1,897
3rd year	1,398	3,039
4th year	3,700	4,915
5th year	4,625	4,854
After 5th year	9,682	9,309
Indefinite	116,821	111,311
Total	136,388	135,923

(ii) Expiration of Unused Tax Credits for Which Deferred Tax Assets Were Not Recognized

Unused tax credits for which deferred tax assets were not recognized will expire as follows:

Millions of yen

	As of March 31, 2025	As of March 31, 2026
1st year	0	0
2nd year	18	19
3rd year	216	399
4th year	262	368
5th year and thereafter	4,817	7,786
Total	5,315	8,575

4) Unrecognized Deferred Tax Liabilities

The Company does not recognize deferred tax liabilities for temporary differences related to investments in subsidiaries when the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. As of March 31, 2025 and 2026, taxable temporary differences associated with investments in the subsidiaries for which deferred tax liabilities were not recognized were 6,513 million yen and 36,916 million yen, respectively.

(2) Income Taxes

1) Income Tax Expenses

The breakdown of income tax expenses is as follows:

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Current income taxes		
Current fiscal year	33,185	36,641
Subtotal	33,185	36,641
Deferred income taxes		
Changes in effective tax rates	820	—
Origination and reversal of temporary differences	(2,790)	(3,639)
Subtotal	(1,970)	(3,639)
Total	31,215	33,002

Current income taxes include the tax benefits arising from tax losses, tax credits and temporary differences of prior periods whose tax effect was previously unrecognized. As a result, current income taxes decreased by 2,878 million yen and 158 million yen for the fiscal years ended March 31, 2025 and 2026, respectively.

Deferred income taxes include the tax benefit arising from previously unrecognized tax losses, tax credits and temporary differences of prior periods whose tax effect was previously unrecognized, and expense from write-downs or reversal of previous write-downs of deferred tax assets. As a result, deferred income taxes decreased by 5,708 million yen and 77 million yen for the fiscal years ended March 31, 2025 and 2026, respectively.

2) Reconciliation of Effective Tax Rates

The following is a reconciliation from the Company's statutory tax rate to the effective tax rates for the fiscal years ended March 31, 2025 and 2026.

The Company is mainly subject to income taxes, inhabitant tax and enterprise tax in Japan. The statutory tax rate calculated based on these taxes for the fiscal years ended March 31, 2025 and 2026 was 30.6%, respectively. Overseas subsidiaries are subject to the income taxes on their income in their respective countries of domicile.

	(%)	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Statutory tax rate	30.6	30.6
Items not deductible for income tax purposes, such as entertainment expenses	0.5	0.3
Items not taxable for income tax purposes, such as dividends	(4.9)	(5.9)
Tax credits	(7.2)	(5.9)
Differences in applicable tax rates of subsidiaries	(1.5)	(3.5)
Changes in unrecognized deferred tax assets	(1.9)	2.7
Retained earnings of overseas subsidiaries	0.4	2.9
Impact of changes in effective tax rates	0.4	—
Utilization of tax loss carryforwards	—	(2.3)
Gain on bargain purchase	—	(5.7)
Other	(0.9)	0.6
Effective tax rates	15.5	13.8

10. Earnings per Share

The basis for calculating basic and diluted earnings per share is as follows:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Basis for calculating basic and diluted earnings per share:		
Profit attributable to owners of parent (millions of yen)	170,435	205,159
Profit not attributable to ordinary shareholders of the parent (millions of yen)	—	—
Profit used for calculating basic earnings per share (millions of yen)	170,435	205,159
Weighted-average number of ordinary shares outstanding during the year (thousands of shares)	850,635	850,912
Basis for calculating diluted earnings per share:		
Profit used for calculating basic earnings per share (millions of yen)	170,435	205,159
Adjustments to profit (millions of yen)	—	—
Profit for the year used for calculating diluted earnings per share (millions of yen)	170,435	205,159
Weighted-average number of ordinary shares outstanding during the year (thousands of shares)	850,635	850,912
Increase in number of ordinary shares from exercise of share options (thousands of shares)	300	217
Weighted-average number of diluted ordinary shares outstanding during the period (thousands of shares)	850,936	851,129
Earnings per share:		
Basic earnings per share (yen)	200.36	241.11
Diluted earnings per share (yen)	200.29	241.04

Notes:

1. No financial instruments are excluded from the calculation of diluted earnings per share because they are not dilutive.
2. In September 2022, the Company disposed of 9,000,000 shares of the Company's stock to the trust account of Sumitomo Mitsui Trust Bank, Limited (re-trust trustee: Custody Bank of Japan, Ltd. (Trust Account)) for the Shionogi Infectious Disease Research Promotion Foundation, and such shares are treated as treasury shares. Therefore, the number of such shares is deducted from the average number of ordinary shares during the period in the calculation of basic earnings per share and diluted earnings per share.
3. The Company conducted a 3-for-1 stock split of shares of common stock, effective October 1, 2024. Basic earnings per share and diluted earnings per share were calculated under the assumption that the stock split had been conducted at the beginning of the fiscal year ended March 31, 2024.

11. Property, Plant and Equipment

(1) Movement of Acquisition Cost, Accumulated Depreciation and Accumulated Impairment Losses and Carrying Amount

The movement of the acquisition cost, accumulated depreciation and accumulated impairment losses, and the carrying amount of property, plant and equipment is as follows:

1) Acquisition Cost

Millions of yen

	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
As of April 1, 2024	120,344	94,346	6,784	33,726	42,888	298,090
Acquisitions	509	32	—	11,581	208	12,331
Acquisitions through business combinations	—	0	—	—	—	0
Reclassification from construction in progress	6,474	8,328	1	(19,704)	4,835	(64)
Sales or disposals	(203)	(927)	—	(3)	(1,124)	(2,258)
Foreign exchange differences on translations	330	202	—	(1)	15	547
Other	(253)	—	(19)	212	39	(21)
As of March 31, 2025	127,202	101,983	6,767	25,809	46,863	308,625
Acquisitions	2,578	38	—	18,180	212	21,009
Acquisitions through business combinations	10,850	13	23,396	723	1,652	36,636
Reclassification from construction in progress	11,260	13,390	—	(31,409)	6,704	(54)
Sales or disposals	(1,841)	(1,391)	(9)	(19)	(2,155)	(5,417)
Foreign exchange differences on translations	208	104	—	24	123	460
Other	292	—	—	(677)	0	(384)
As of March 31, 2026	150,549	114,138	30,154	12,630	53,401	360,875

(Note) Details of “Acquisitions through business combinations” in the fiscal year ended March 31, 2026 are provided in “37. Business Combinations.”

2) Accumulated Depreciation and Accumulated Impairment Losses

Millions of yen

	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
As of April 1, 2024	(70,129)	(79,074)	—	(21)	(34,277)	(183,503)
Depreciation expenses	(3,978)	(4,120)	—	—	(3,625)	(11,723)
Sales or disposals	160	892	—	—	1,110	2,162
Foreign exchange differences on translations	(133)	(146)	—	—	(11)	(291)
Other	138	—	—	—	3	142
As of March 31, 2025	(73,942)	(82,447)	—	(21)	(36,800)	(193,213)
Depreciation expenses	(4,628)	(4,600)	—	—	(4,245)	(13,474)
Impairment losses	(1,436)	(389)	—	—	(208)	(2,034)
Sales or disposals	1,395	1,358	—	—	2,125	4,879
Foreign exchange differences on translations	(116)	(107)	—	—	(69)	(293)
Other	(220)	—	—	—	(0)	(221)
As of March 31, 2026	(78,949)	(86,186)	—	(21)	(39,198)	(204,356)

3) Carrying Amount

Millions of yen

	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
As of April 01, 2024	50,214	15,272	6,784	33,704	8,610	114,586
As of March 31, 2025	53,259	19,535	6,767	25,788	10,062	115,412
As of March 31, 2026	71,600	27,951	30,154	12,609	14,203	156,519

Notes:

- Expenditures for property, plant and equipment under construction are stated as construction in progress above.
- Depreciation of property, plant and equipment is included in “Cost of sales,” “Selling, general and administrative expenses” and “Research and development expenses” in the consolidated statement of profit or loss.
- Impairment losses are recorded for the fiscal year ended March 31, 2026. Details are provided in (2) Impairment Losses.

(2) Impairment Losses

Property, plant and equipment are generally grouped by the smallest cash-generating unit that generates independent cash inflows. SHIONOGI tests idle assets for impairment individually.

Impairment losses recognized for property, plant and equipment in the fiscal year ended March 31, 2026 were 2,034 million yen. This is mainly due to changes in future projections regarding assets related to research and development activities and production activities.

12. Goodwill

(1) Movement of Acquisition Cost, Accumulated Impairment Losses and Carrying Amount of Goodwill

The movement of the acquisition cost and accumulated impairment losses, and the carrying amount of goodwill is as follows:

1) Acquisition Cost

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Balance at beginning of period	15,287	15,748
Acquisitions through business combinations	195	23,060
Foreign exchange differences on translations	265	495
Balance at end of period	15,748	39,303

2) Accumulated Impairment Losses

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Balance at beginning of period	—	—
Impairment losses	—	(3,946)
Foreign exchange differences on translations	—	(295)
Balance at end of period	—	(4,242)

3) Carrying Amount

	Millions of yen
As of April 01, 2024	15,287
As of March 31, 2025	15,748
As of March 31, 2026	35,061

(2) Impairment Test of Goodwill

The carrying amount of principal goodwill allocated to cash-generating units is as follows:

	Millions of yen	
Cash-generating Unit	As of March 31, 2025	As of March 31, 2026
Pharmaceutical business centered on Shionogi & Co., Ltd.	6,232	29,292
Pharmaceutical business in China (Note)	4,109	—
Pharmaceutical business in the U.S.	5,231	5,594

Note: "Impairment losses are recorded for the fiscal year ended March 31, 2026. Details are provided in 2) below.

1) Pharmaceutical business centered on Shionogi & Co., Ltd.

The recoverable amount was calculated based on value in use.

The value in use was calculated as the present value of the estimated cash flow based on a 1-year business plan approved by management and prepared by reflecting past knowledge and external information, using the pre-tax discount rates (7.3% and 7.6% for the years ended March 31, 2025, and 2026, respectively) calculated based on the pre-tax weighted average cost of capital. Cash flows beyond the period of the business plan are calculated based on the long-term average growth rate of the market to which the cash generating unit belongs. (0% for the years ended March 31, 2025, and 2026, respectively)

The value in use is sufficiently higher than the book value of the cash-generating unit, and it is unlikely that the value in use will fall below the book value even if the significant assumptions (discount rate, growth rate) used in calculating the value in use fluctuate within a reasonable range.

2) Pharmaceutical business in China

The recoverable amount was calculated based on value in use.

The value in use was calculated as the present value of the estimated cash flow based on a 5-year business plan approved by management and prepared by reflecting past knowledge and external information, using the pre-tax discount rates (13.2% and 14.7% for the years ended March 31, 2025, and 2026, respectively) calculated based on the pre-tax weighted average cost of capital. Cash flows beyond the period of the business plan are calculated based on the long-term average growth rate of the market to which the cash generating unit belongs. (2.0% and 2.0% for the years ended March 31, 2025, and 2026, respectively)

As a result of the impairment test conducted in the fiscal year ended March 31, 2026, a decline in future profitability is expected in the pharmaceutical business in China, and the value in use has fallen below the book value of the cash-generating unit. Therefore, an impairment loss of 3,946 million yen has been recorded for the corresponding goodwill.

3) Pharmaceutical business in the U.S.

The recoverable amount was calculated based on value in use.

The value in use was calculated as the present value of the estimated cash flow based on a 5-year business plan approved by management and prepared by reflecting past knowledge and external information, using the pre-tax discount rates (15.9% and 16.1% for the years ended March 31, 2025, and 2026, respectively) calculated based on the pre-tax weighted average cost of capital. Cash flows beyond the period of the business plan are calculated based on the long-term average growth rate of the market to which the cash generating unit belongs. (2.1% and 2.3% for the years ended March 31, 2025, and 2026, respectively)

The value in use is sufficiently higher than the book value of the cash-generating unit, and it is unlikely that the value in use will fall below the book value even if the significant assumptions (discount rate, growth rate) used in calculating the value in use fluctuate within a reasonable range.

13. Intangible Assets

(1) Movement of Acquisition Cost, Accumulated Amortization and Accumulated Impairment Losses and Carrying Amount

The movement of the acquisition cost, accumulated amortization and accumulated impairment losses, and the carrying amount of intangible assets is as follows:

1) Acquisition Cost

	Millions of yen			
	Intangible assets associated with products	Software	Other	Total
As of April 01, 2024	191,788	21,738	6,096	219,623
Individual acquisitions	29,678	6,015	—	35,694
Acquisitions through business combinations	—	—	—	—
Sales or disposal	(721)	(876)	—	(1,597)
Foreign exchange differences on translations	(484)	12	159	(311)
Other	(2,000)	(400)	—	(2,400)
As of March 31, 2025	218,261	26,489	6,256	251,007
Individual acquisitions	11,041	4,070	1,090	16,202
Acquisitions through business combinations	50,825	648	154	51,627
Sales or disposal	(5,495)	(2,949)	(33)	(8,478)
Foreign exchange differences on translations	5,599	69	17	5,687
Other	—	(658)	(584)	(1,243)
As of March 31, 2026	280,231	27,670	6,900	314,802

Notes: Details of “Acquisitions through business combinations” in the fiscal year ended March 31, 2026 are provided in “37. Business Combinations.”

2) Accumulated Amortization and Accumulated Impairment Losses

Millions of yen

	Intangible assets associated with products	Software	Other	Total
As of April 01, 2024	(82,650)	(15,455)	(3,895)	(102,001)
Amortization	(4,178)	(1,722)	(252)	(6,154)
Impairment losses	(471)	—	—	(471)
Reversals of impairment losses	217	—	—	217
Sales or disposal	450	529	—	979
Foreign exchange differences on translations	106	(1)	(29)	75
Other	—	—	—	—
As of March 31, 2025	(86,526)	(16,650)	(4,177)	(107,355)
Amortization	(6,099)	(2,126)	(252)	(8,477)
Impairment losses	(28,915)	(1)	(16)	(28,932)
Reversals of impairment losses	—	—	—	—
Sales or disposal	5,492	2,832	12	8,336
Foreign exchange differences on translations	(4,541)	(60)	(46)	(4,648)
Other	—	(170)	(0)	(171)
As of March 31, 2026	(120,590)	(16,177)	(4,481)	(141,248)

3) Carrying Amount

Millions of yen

	Intangible assets associated with products	Software	Other	Total
As of April 01, 2024	109,137	6,282	2,200	117,621
As of March 31, 2025	131,734	9,839	2,078	143,652
As of March 31, 2026	159,641	11,492	2,418	173,553

Notes:

- Amortization of intangible assets is included in “Cost of sales,” “Selling and general administrative expenses,” “Research and development expenses,” and “Amortization of intangible assets associated with products” in the consolidated statement of profit or loss.
- No significant internally generated intangible assets were recognized for the years ended March 31, 2025 and 2026, respectively.

(2) Significant Intangible Assets

Significant intangible assets recognized in the consolidated statement of financial position are as follows. All are included in intangible assets associated with products.

	Code No. /Product name (Generic name)	Carrying Amount (Millions of yen)		Remaining Amortization Period
		As of March 31, 2025	As of March 31, 2026	As of March 31, 2026
In-process research and development assets	S-606001(MZE001)	23,355	26,540	—
	S-743229/S-649228	17,401	18,608	—
	F901318 (Olorofim)	12,966	12,966	—
	GRT7039 (Resiniferatoxin) (Note 1)	14,132	—	—
	BPN14770 (Zatolmilast) (Note 1)	11,892	—	—
	S-812217 (Zuranolone) (Note 2)	9,933	—	—
Marketing rights	Mekinist(Note 3)	—	23,156	4 years
	Genvoya(Note 3)	—	18,580	4 years
	Zurzuvaе(Note 2)	—	15,116	13 years

Notes:

1. Impairment losses are recorded for the fiscal year ended March 31, 2026. For details, please refer to “(3) Impairment Losses”.
2. S-812217 (Zuranolone) was transferred from in-process research and development assets to marketing rights in the fiscal year ended March 31, 2026 upon obtaining manufacturing and sales approval in Japan under the product name “Zurzuvaе”.
3. Marketing rights identified in connection with the acquisition of JT Pharmaceutical Business through business combination in December 2025. For details, please refer to “37. Business Combinations.”

(3) Impairment Losses

Intangible assets are generally grouped by the smallest cash-generating unit that produces independent cash inflows. Capitalized development costs, an intangible asset recognized as in-process research and development, and separately recognized marketing rights are tested for impairment individually. Impairment losses associated with intangible assets are included in “Other expenses” in the consolidated statement of profit or loss.

Impairment losses recognized for intangible assets in the fiscal year ended March 31, 2025 were 471 million yen. This is mainly associated with the termination of distribution license agreements.

Impairment losses recognized for intangible assets in the fiscal year ended March 31, 2026 were 28,932 million yen. This is mainly the impairment loss of 26,115 million yen recorded on intangible assets whose recoverable amount was valued at zero in connection with the revision of the development plans of GRT7039 (Resiniferatoxin) and BPN14770 (Zatolmilast).

The recoverable amount of in-process research and development was measured at fair value after deducting the disposal cost. Fair value is measured by the excess earnings method, and the significant assumptions used are the likelihood of regulatory approval for pre-launch products, the estimated unit selling prices, the estimated number of patients, which takes into account the market share, and the discount rates used in calculating the current value of excess earnings, which are the elements for sales forecasts after launch. Among these, the discount rate was calculated based on the weighted average cost of capital, and the discount rates used to calculate fair value are as follows.

	As of March 31, 2025	As of March 31, 2026
Discount rate (net of tax)	11.8% - 17.3%	10.0% - 15.1%

The fair value hierarchy is classified as Level 3. Details of the fair value hierarchy are provided in “32. Financial Instruments.”

(4) Reversal of impairment losses

During the fiscal year ended March 31, 2025, the sales rights for which impairment losses had been recorded in previous years were transferred to another company. As a result, 217 million yen was reversed. The reversal is included in “Other income” in the consolidated statement of profit or loss.

14. Investment Property

(1) Movement of Acquisition Cost and Accumulated Depreciation and Accumulated Impairment Losses

The movement of the acquisition cost, accumulated depreciation and accumulated impairment losses of investment property is as follows:

1) Acquisition Cost

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Balance at beginning of period	28,330	28,765
Acquisitions	230	—
Acquisitions through business combinations	—	326
Sales or disposal	—	(349)
Foreign exchange differences on translations	5	1
Other	198	(292)
Balance at end of period	28,765	28,451

(Note) Details of “Acquisitions through business combinations” in the fiscal year ended March 31, 2026 are provided in “37. Business Combinations.”

2) Accumulated Depreciation and Accumulated Impairment Losses

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Balance at beginning of period	(561)	(1,043)
Depreciation expenses	(350)	(418)
Sales or disposal	—	137
Foreign exchange differences on translations	(4)	(1)
Other	(126)	211
Balance at end of period	(1,043)	(1,114)

(2) Book Value and Fair Value

The book value and fair value of investment property are as follows.

	Millions of yen			
	As of March 31, 2025		As of March 31, 2026	
	Book value	Fair value	Book value	Fair value
Investment property	27,722	46,121	27,337	46,959

The fair value of investment properties is mainly the amount based on the valuation by an external real estate appraiser (including those adjusted internally using indicators, etc.).

The fair value hierarchy of investment properties is classified as Level 3 because it contains non-observable inputs. The fair value hierarchy is described in Note “32. Financial Instruments.”

(3) Income and Expenses from Investment Properties

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Rental income	1,052	1,961
Direct operating expenses	838	879

In the years ended March 31, 2025 and 2026, the amounts of direct operating expenses arising from investment properties that did not generate rental income are immaterial.

15. Capital Expenditure Commitments

The breakdown of commitments for acquisition of assets is as follows:

Millions of yen

	As of March 31, 2025	As of March 31, 2026
Property, plant and equipment	12,329	5,131
Intangible assets (Note)	168,656	163,164
Total	180,985	168,295

Note: SHIONOGI has entered into research and development collaborations and in-license agreements of products and technologies with a number of third parties. Under these agreements, SHIONOGI is obliged to make milestone payments upon the achievement of agreed specific objectives or when certain conditions are met as defined in the agreements.

The amounts shown in the table above represent the maximum payments to be made when all milestones are achieved, but impact of discount and other risks are not considered. The possibility of occurrence for all payment obligations is low and actual payment could differ significantly because the achievement of milestones includes high uncertainty.

16. Leases

SHIONOGI has lease contracts for real estate including offices and employee housing, equipment including office automation and security equipment, commercial vehicles, and warehouse facilities in order to replace assets flexibly, reduce asset management administration, and manage capital efficiently. If a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is considered to be or contain a lease, and SHIONOGI recognizes a right-of-use asset and lease liability at the commencement date of the lease. However, for short-term leases and leases for which the underlying asset is of low value, SHIONOGI expenses lease payments over the lease term using the straight-line method.

Some lease contracts mainly related to real estate include the option to extend or cancel the lease to give SHIONOGI flexibility in managing floor space and personnel.

SHIONOGI makes decisions to exercise the contractual option to extend a lease after comprehensively considering the operational necessity of the leased asset, difficulties in obtaining an alternative asset, and the conditions for exercising the option, and determining that it is necessary to exercise the option. The extended lease term as a result of exercising the option, and the lease payments during that term, are generally the same as or closely approximate the original lease term and payments.

In addition, SHIONOGI makes decisions to exercise the contractual option to terminate a lease in a manner similar to its decisions concerning the contractual option to extend a lease.

SHIONOGI annually reassesses the possibility of exercise of both the option to extend a lease and the option to cancel a lease at the end of each reporting period. The financial impact of this reassessment was immaterial for the fiscal years ended March 31, 2025 and 2026.

SHIONOGI has no material lease contracts with variable lease payments or residual value guarantees.

The breakdown of right-of-use assets as of March 31, 2025 and 2026 is as follows:

Millions of yen

	Underlying asset			Total
	Buildings and structures	Vehicles	Other	
As of March 31, 2025	17,529	210	1,656	19,395
As of March 31, 2026	18,414	212	4,163	22,789

The movement of right-of-use assets, expenses related to leases, and cash outflows for the years ended March 31, 2025 and 2026 are as follows:

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Increase in right-of-use assets	13,734	8,197
Depreciation of right-of-use assets		
Buildings and structures	2,286	3,657
Vehicles	133	119
Other	256	562
Total depreciation of right-of-use assets	2,676	4,340
Interest expenses on lease liabilities	227	341
Expenses relating to short-term leases	50	50
Expenses relating to leases of low-value assets	571	571
Total expenses relating to leases	3,525	5,302
Cash outflows for leases	3,962	5,123

A maturity analysis of lease liabilities as of March 31, 2025 and 2026 is described in Note “32. Financial Instruments.”

17. Other Financial Assets

(1) Breakdown

The breakdown of other financial assets is as follows:

Millions of yen

	As of March 31, 2025	As of March 31, 2026
Financial assets measured at amortized cost		
Time deposits (over 3 months)	192,007	205,611
Bonds	48,499	88,101
Receivables	31,454	34,074
Other	2,847	4,970
Subtotal	274,808	332,757
Financial assets measured at fair value through profit or loss		
Derivative assets	1,256	2,252
Investments	7,261	16,667
Other	499	499
Subtotal	9,017	19,420
Financial assets measured at fair value through other comprehensive income		
Equities and investments	284,583	64,613
Other	1,414	1,475
Subtotal	285,998	66,089
Total	569,824	418,266
Non-current assets	299,799	107,518
Current assets	270,024	310,748

(2) Equity Instruments Measured at Fair Value through Other Comprehensive Income

SHIONOGI designates investments in equities and other instruments held primarily to maintain and strengthen business relationships or transactions with investees as equity instruments designated as measured at fair value through other comprehensive income.

1) Fair Value

The fair value by major issuers is as follows:

(i) As of March 31, 2025

Issuer	Millions of yen
ViiV Healthcare Ltd.	229,993
Toho Holdings Co., Ltd.	15,610
Sumitomo Mitsui Financial Group, Inc.	13,101
Apnimed, Inc.	5,607
Kissei Pharmaceutical Co., Ltd.	3,514
Medipal Holdings Corporation	2,969
Other	15,201

(ii) As of March 31, 2026

Issuer	Millions of yen
Sumitomo Mitsui Financial Group, Inc.	17,282
Toho Holdings Co., Ltd.	16,667
Apnimed, Inc.	7,595
Kissei Pharmaceutical Co., Ltd.	4,250
Medipal Holdings Corporation	3,735
Other	16,557

2) Derecognition of Equity Instruments Measured at Fair Value through Other Comprehensive Income

SHIONOGI derecognized certain equity instruments upon their sale or other disposal for the purpose of improving asset efficiency. The derecognition during the fiscal year ended March 31, 2026 includes the reclassification resulting from the additional acquisition of shares in ViiV Healthcare Ltd., which became an associate of the SHIONOGI Group.

The fair value and cumulative gain or loss at disposal are as follows:

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Fair value at the time of derecognition	157	353,514
Cumulative gain or (loss)	56	274,172

On derecognition of equity instruments measured at fair value through other comprehensive income, the accumulated gain or loss recognized in “Other components of equity” in the consolidated statement of financial position is transferred to “Retained earnings.”

3) Dividend Income

The breakdown of dividend income from equity instruments measured at fair value through other comprehensive income is as follows:

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Investments held at year-end	41,250	1,284
Investments derecognized during the fiscal year	—	52,395
Total	41,250	53,679

18. Inventories

The breakdown of inventories is as follows:

	Millions of yen	
	As of March 31, 2025	As of March 31, 2026
Merchandise and finished goods	25,958	49,949
Work in process	22,250	21,311
Raw materials and supplies	17,268	28,135
Total	65,477	99,396

The amounts of inventories recognized as expenses were 63,316 million yen and 79,752 million yen for the fiscal years ended March 31, 2025 and 2026, respectively.

The amounts of inventory write-downs or reversals of write-downs recognized as expenses for the fiscal years ended March 31, 2025 and 2026 were 509 million yen and 2,698 million yen, respectively.

19. Trade Receivables

The breakdown of trade receivables is as follows:

	Millions of yen	
	As of March 31, 2025	As of March 31, 2026
Notes receivable – trade	209	229
Accounts receivable – trade	120,891	159,647
Allowance for doubtful accounts	(547)	(103)
Total	120,553	159,773

Note: The amount expected to be collected after more than one year from the end of the fiscal year is 9,567 million yen as of March 31, 2025.

The amount expected to be collected after more than one year from the end of the fiscal year is 5,243 million yen as of March 31, 2026.

20. Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows:

	Millions of yen	
	As of March 31, 2025	As of March 31, 2026
Cash and cash equivalents	374,795	711,397

21. Other Assets

The breakdown of other assets is as follows:

	Millions of yen	
	As of March 31, 2025	As of March 31, 2026
Long-term prepaid expenses	25,387	24,953
Consumption tax receivable	4,088	5,622
Advance payments to suppliers	1,731	1,488
Prepaid expenses	15,595	15,303
Other	12,290	10,312
Total	59,093	57,681
Non-current assets	31,440	28,660
Current assets	27,653	29,020

(Note) As described in Note “2. Basis of Preparation (6) Changes in Presentation,” “Equity-method investments,” which were included in “Other” in the fiscal year ended March 31, 2025, are now presented separately starting from the fiscal year ended March 31, 2026 because of their increased significance. To reflect this change in presentation, the 10,429 million yen of “Equity-method investments” previously included in “Other” has been deducted.

22. Equity and Other Equity Items

(1) Share Capital

The movement of authorized shares and issued shares is as follows:

	(Shares)	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Authorized shares	3,000,000,000	3,000,000,000
Issued shares		
Number of shares at beginning of period	307,386,165	889,632,195
Changes during the year	582,246,030	—
Number of shares at end of period	889,632,195	889,632,195

Notes:

1. All shares issued by the Company are ordinary shares with no par value. They have no restrictions on any rights and are fully paid up.
2. The Company conducted a 3-for-1 stock split of shares of common stock, effective October 1, 2024.
3. The changes in the number of issued shares during the fiscal year ended March 31, 2025 consisted of an increase of 593,088,130 shares due to a stock split and a decrease of 10,842,100 shares due to the cancellation of treasury shares.

(2) Treasury Shares

The movement of treasury shares is as follows:

	(Shares)	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Number of shares at beginning of period	23,894,588	38,944,777
Changes during the year	15,050,189	(288,019)
Number of shares at end of period	38,944,777	38,656,758

Notes:

1. The changes in the number of treasury shares during the fiscal year ended March 31, 2025 consisted of increases of 25,961,756 shares, 2,908 shares, and 2,525 shares due to a stock split, the purchase of fractional shares of less than one voting unit, and free acquisition under the restricted stock-based compensation, respectively, and of decreases of 10,842,100 shares, 74,100 shares, and 800 shares due to the cancellation of treasury shares, grants under the restricted stock-based compensation, and exercise of share acquisition rights, respectively.
2. The Company conducted a 3-for-1 stock split of shares of common stock, effective October 1, 2024.

3. The changes in the number of treasury shares during the fiscal year ended March 31, 2026 consisted of increases of 2,096 shares, and 15,285 shares due to the purchase of fractional shares of less than one voting unit, and free acquisition under the restricted stock-based compensation, respectively, and of decreases of 200,400 shares, and 105,000 shares due to the grants under the restricted stock-based compensation, and exercise of share acquisition rights, respectively.
4. In September 2022, the Company disposed of 9,000,000 shares (3,000,000 shares before the stock split) of the Company's stock to the Sumitomo Mitsui Trust Bank, Limited's trust account with respect to the Shionogi Infectious Disease Research Promotion Foundation (sub-trustee: Custody Bank of Japan, Ltd. (Trust Account)) and treated the said shares as its treasury shares. Therefore, 9,000,000 shares (3,000,000 shares before the stock split) of the Company's stock held by Sumitomo Mitsui Trust Bank, Limited's trust account (sub-trustee: Custody Bank of Japan, Ltd. (Trust Account)) are included in the balance at the end of the fiscal year ended March 31, 2025 and the fiscal year ended March 31, 2026

(3) Surplus

1) Capital Surplus

Capital surplus is as follows:

(i) Capital Reserve

The Companies Act of Japan ("Companies Act") requires that one-half or more of the proceeds from the issuance of shares shall be credited to share capital, and the remaining proceeds shall be credited to capital reserve incorporated in capital surplus.

(ii) Other Capital Surplus

The surplus arising from certain equity transactions and reversals of share capital and capital reserve are recognized in other capital surplus.

2) Retained Earnings

Retained earnings are as follows:

(i) Legal Reserve

The Companies Act provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals to 25% of share capital. Some overseas subsidiaries are also subject to similar reserve regulations in their country of domicile.

(ii) Other Retained Earnings

Other retained earnings represent accumulated profit for SHIONOGI.

(4) Other Components of Equity

The breakdown and movement of other components of equity are as follows:

Millions of yen

	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Share of other comprehensive income of investments accounted for using equity method	Total
As of April 1, 2024	145,099	—	127,374	(807)	112	271,778
Amounts arising during the year	(2,710)	(847)	6,366	(12)	(53)	2,742
Reclassification adjustments to profit or loss	—	—	—	1,157	—	1,157
Tax effects	(1,880)	525	(437)	(349)	—	(2,142)
Total other comprehensive income (loss), net of tax	(4,590)	(321)	5,928	794	(53)	1,757
Attributable to non-controlling interests	—	—	930	—	—	930
Total other comprehensive income (loss), net of tax attributable to owners of parent	(4,590)	(321)	4,998	794	(53)	826
Transfer to retained earnings	(2)	321	—	—	—	319
As of March 31, 2025	140,506	—	132,373	(13)	58	272,924
Amounts arising during the year	109,668	493	66,482	(13,422)	—	163,221
Reclassification adjustments to profit or loss	—	—	—	13,503	—	13,503
Tax effects	(2,592)	(155)	(118)	(25)	—	(2,891)
Total other comprehensive income (loss), net of tax	107,076	337	66,363	55	—	173,833
Attributable to non-controlling interests	—	—	—	—	—	—
Total other comprehensive income (loss), net of tax attributable to owners of parent	107,076	337	66,363	55	—	173,833
Transfer to retained earnings	(227,817)	(337)	—	—	—	(228,155)
Other	—	—	58	—	(58)	—
As of March 31, 2026	19,765	—	198,795	42	—	218,603

23. Dividends

1) Total Dividends and Dividends per Share

(i) Fiscal year ended March 31, 2025

Resolution	Class of shares	Total Dividends (Millions of yen)	Dividends per Share (Yen)	Record Date	Effective Date
Shareholders' meeting held on June 20, 2024	Ordinary shares	24,351	85.00	March 31, 2024	June 21, 2024
Board of Directors meeting held on October 28, 2024	Ordinary shares	24,357	85.00	September 30, 2024	December 1, 2024

Notes:

1. The total amount of dividends resolved by the Ordinary General Meeting of Shareholders on June 20, 2024 and Board of Directors meeting on October 28, 2024 includes 255 million yen of dividends for the Company shares held by the trust of Sumitomo Mitsui Trust Bank, Limited (re-trustee: Custody Bank of Japan, Ltd. (Trust Account)) for Shionogi Infectious Disease Research Promotion Foundation.
2. The Company conducted a 3-for-1 stock split of shares of common stock, effective October 1, 2024. Dividends per share are stated based on the dividend amount before the stock split.

(ii) Fiscal year ended March 31, 2026

Resolution	Class of shares	Total Dividends (Millions of yen)	Dividends per Share (Yen)	Record Date	Effective Date
Shareholders' meeting held on June 18, 2025	Ordinary shares	28,369	33.00	March 31, 2025	June 19, 2025
Board of Directors meeting held on October 27, 2025	Ordinary shares	28,379	33.00	September 30, 2025	December 1, 2025

Note: The total amount of dividends resolved by the Ordinary General Meeting of Shareholders on June 18, 2025 and Board of Directors meeting on October 27, 2025 includes 297 million yen of dividends for the Company shares held by the trust of Sumitomo Mitsui Trust Bank, Limited (re-trustee: Custody Bank of Japan, Ltd. (Trust Account)) for Shionogi Infectious Disease Research Promotion Foundation.

2) Dividends Declared for Which the Effective Date was in the Following Fiscal Year

(i) Fiscal year ended March 31, 2025

Resolution	Class of Shares	Total Dividends (Millions of yen)	Dividends per Share (Yen)	Record Date	Effective Date
Shareholders' meeting held on June 18, 2025	Ordinary shares	28,369	33.00	March 31, 2025	June 19, 2025

Note: The total amount of dividends resolved at the Ordinary General Meeting of Shareholders on June 18, 2025 includes 297 million yen of dividends for the Company's shares held by the trust (re-trustee: Custody Bank of Japan, Ltd. (Trust Account)) of Sumitomo Mitsui Trust Bank, Limited in relation to the Shionogi Infectious Disease Research Promotion Foundation.

(ii) Fiscal year ended March 31, 2026

Resolution	Class of Shares	Total Dividends (Millions of yen)	Dividends per Share (Yen)	Record Date	Effective Date
Shareholders' meeting held on June 24, 2026	Ordinary shares	32,679	38.00	March 31, 2026	June 25, 2026

Notes:

1. This is a matter to be resolved at the Ordinary General Meeting of Shareholders to be held on June 24, 2026.
2. The total amount of dividends resolved at the Ordinary General Meeting of Shareholders on June 24, 2026 includes 342 million yen of dividends for the Company's shares held by the trust (re-trustee: Custody Bank of Japan, Ltd. (Trust Account)) of Sumitomo Mitsui Trust Bank, Limited in relation to the Shionogi Infectious Disease Research Promotion Foundation.

24. Other Financial Liabilities

The breakdown of other financial liabilities is as follows:

Millions of yen

	As of March 31, 2025	As of March 31, 2026
Financial liabilities measured at amortized cost:		
Other payables	18,751	36,885
Other	319	250
Subtotal	19,070	37,135
Financial liabilities measured at fair value through profit or loss:		
Derivative liabilities	570	5,765
Contingent consideration	6,708	1,789
Subtotal	7,278	7,554
Total	26,349	44,690
Non-current liabilities	8,258	3,974
Current liabilities	18,091	40,716

25. Employee Benefits

(1) Retirement Benefits

The Company has a defined benefit pension plan known as a cash balance plan under which the pension benefits are determined in accordance with market interest rates, and the Company also has a lump-sum payment plan and a defined contribution pension plan (with optional prepaid retirement benefits). Certain domestic consolidated subsidiaries have lump-sum payment plans and defined contribution pension plans. In addition, other certain consolidated subsidiaries have defined contribution pension plans.

Plan assets are managed under the assumption of sound management but are exposed to investment risks related to financial instruments. In addition, defined benefit obligations are measured based on various actuarial assumptions such as the discount rate, etc. and are therefore exposed to the risk of changes in those assumptions.

The defined contribution pension plan is a post retirement benefit plan in which the employer contributes specified amounts to independent entities and does not bear any legal or presumptive liability for payments in excess of the contributed amount.

1) Defined Benefit Plans

(i) Retirement Benefit Liability and Asset

The breakdown of retirement benefit liability and asset is as follows:

	Millions of yen	
	As of March 31, 2025	As of March 31, 2026
Funded plans:		
Present value of defined benefit plan obligations	32,324	33,456
Fair value of plan assets	(72,145)	(77,352)
Subtotal	(39,821)	(43,896)
Effect of the asset ceiling (Note)	39,821	43,896
Subtotal	—	—
Unfunded plans:		
Present value of defined benefit plan obligations	8,018	16,735
Subtotal	8,018	16,735
Net amount of retirement benefit (asset) liability	8,018	16,735
Amounts in the consolidated statement of financial position		
Retirement benefit liability	8,018	16,735
Retirement benefit asset	—	—

Note: Some of SHIONOGI's defined benefit plans set an asset ceiling and calculate liabilities because future economic benefits will not be available in the form of no refunds from or no reductions in contributions.

(ii) Defined Benefit Plan Obligations

The movement of the present value of defined benefit plan obligations is as follows:

	Millions of yen	
	As of March 31, 2025	As of March 31, 2026
Balance at beginning of period	43,486	40,343
Current service cost	1,163	1,461
Interest cost	624	954
Remeasurements of defined benefit plans:		
Changes in financial assumptions	(2,719)	(3,482)
Experience adjustments	2,749	1,065
Benefits paid	(4,961)	(4,580)
Impact of business combinations	—	14,429
Balance at end of period	40,343	50,192

Significant actuarial assumptions used to determine the present value of defined benefit plan obligations are as follows:

	As of March 31, 2025	As of March 31, 2026
Discount rates	1.8-2.3%	2.6-3.6%

The effect of changes in significant actuarial assumptions (discount rates) on the defined benefit plan obligations at the end of the reporting period is as follows. This sensitivity analysis assumes that all other assumptions are held constant.

	Millions of yen	
	As of March 31, 2025	As of March 31, 2026
0.5% increase in discount rates	(1,697)	(1,717)
0.5% decrease in discount rates	1,842	1,844

In addition, the weighted average durations of defined benefit plan obligations were 15.8 years on March 31, 2025 and 14.6 years on March 31, 2026.

(iii) Plan Assets

The movement of the fair value of plan assets is as follows:

	Millions of yen	
	As of March 31, 2025	As of March 31, 2026
Balance at beginning of period	75,487	72,145
Interest income	1,078	1,666
Benefits paid	(4,105)	(3,811)
Contributions to the plans by employer	1,246	965
Remeasurements of defined benefit plans:		
Return on plan assets	(1,560)	(328)
Impact of business combinations	—	6,714
Balance at end of period	72,145	77,352

Note: SHIONOGI plans to contribute 965 million yen to the defined benefit plans for the fiscal year ending March 31, 2027.

The breakdown of fair value of plan assets by asset class is as follows:

Millions of yen

	As of March 31, 2025			As of March 31, 2026		
	Quoted Prices in Active Markets			Quoted Prices in Active Markets		
	Yes	No	Total	Yes	No	Total
Equities	4,458	—	4,458	5,402	—	5,402
Bonds	19,711	—	19,711	21,776	—	21,776
General accounts	—	18,780	18,780	—	19,562	19,562
Other	—	29,195	29,195	1,253	29,357	30,611
Total	24,169	47,976	72,145	28,432	48,919	77,352

Notes:

1. General accounts are accounts with guaranteed expected interest rates and capital by life insurance companies.
2. “Other” mainly includes alternatives.
3. The defined benefit pension plan stipulates regular contributions at least once annually. Contributions are calculated to enable the financial balance between expected future benefit expenses and expected returns on plan assets based on expected interest rates, expected mortality rates, expected withdrawal rates and the rates that serve as the basis of the calculation of expected expenses for other required benefits. Also, contributions are recalculated every five years. In addition, an additional contribution is required if the reserve fund for benefits is less than the minimum reserve criteria.

Plan assets are legally independent from SHIONOGI. The asset management trustee is responsible for the plan assets, has a fiduciary obligation to pension plan members, and has fund management obligations that include diversified investment. Conflicts of interest are prohibited.

Plan assets are managed to secure the necessary total returns over the long-term within acceptable risk levels to ensure payments of pension benefits in the future. The acceptable risk level of uncertainty in the return rate on the plan assets is derived from a detailed study considering the mid- to long-term trends and the changes in income such as contributions and benefit payments. Based on policies and studies, after consideration of issues such as the expected rate of return and risks, the asset management trustee formulates a basic asset mix which aims at an optimal portfolio on a long-term basis with the selection of appropriate investment assets.

(iv) Effect of the Asset Ceiling

Millions of yen

	As of March 31, 2025	As of March 31, 2026
Balance at beginning of period	39,995	39,821
Interest income	571	870
Remeasurement of asset ceiling:		
Changes in the effect of asset ceiling on net defined benefit plans	(745)	1,430
Impact of business combinations	—	1,773
Balance at end of period	39,821	43,896

2) Defined Contribution Plans

SHIONOGI recognized defined contribution costs in the amounts of 4,651 million yen and 5,673 million yen for the years ended March 31, 2025 and 2026, respectively.

(2) Other Employee Benefit Expenses

Personnel expenses included in the consolidated statement of profit or loss totaled 76,202 million yen and 90,008 million yen for the years ended March 31, 2025 and 2026, respectively.

26. Share-based Payment

The Company has implemented a share option plan and a restricted share-based remuneration plan. The Company has also implemented a cash-settled share-based payment linked to the Company's share price for corporate officers who reside overseas.

(1) Share Option Plan

The Company issued share acquisition rights in the form of share options to directors and corporate officers as incentives for them to enhance corporate value and improve medium- to long-term business performance because they share with shareholders of the Company both the benefits of share price appreciation and the risk of share price declines. The Company replaced the share options plan with a restricted share-based remuneration plan in 2018 and did not issue share options during the years ended March 31, 2024 and 2025.

(a) Outline of Share Option Plan

	Options Granted (Shares)	Exercise Price (Yen)	Recipients	Grant Date	Exercise Period
Share acquisition rights granted in 2011	156,600	1	3 directors 9 corporate officers	July 11, 2011	From July 12, 2011 to July 11, 2041
Share acquisition rights granted in 2012	237,300	1	2 directors 11 corporate officers	July 12, 2012	From July 13, 2012 to July 12, 2042
Share acquisition rights granted in 2013	131,700	1	2 directors 12 corporate officers	July 11, 2013	From July 12, 2013 to July 11, 2043
Share acquisition rights granted in 2014	127,200	1	2 directors 11 corporate officers	July 10, 2014	From July 11, 2014 to July 10, 2044
Share acquisition rights granted in 2015	63,300	1	3 directors 11 corporate officers	July 9, 2015	From July 10, 2015 to July 9, 2045
Share acquisition rights granted in 2016	51,900	1	3 directors 10 corporate officers	July 8, 2016	From July 9, 2016 to July 8, 2046
Share acquisition rights granted in 2017	57,900	1	3 directors 12 corporate officers	July 7, 2017	From July 8, 2017 to July 7, 2047

Note: Options granted are presented as converted into number of shares.

The plan has no vesting conditions.

During the exercise period, recipients can only exercise granted share acquisition rights at one time within 10 days from the date directors lose their position, the date corporate officers retire or their employment contracts with the Company terminate.

The number of shares to be issued per share acquisition rights is 300 shares. However, when the Company conducts its ordinary shares split (including gratis allotment of ordinary shares of the Company) or a reverse stock split, the number of granted shares will be adjusted according to a specified formula.

As a result of the 3-for-1 split of common stock on October 1, 2024 based on the resolution of the Board of Directors of the Company held on August 30, 2024, the number of options granted has been adjusted.

(b) Movement of the number of share options and their weighted average exercise prices is as follows:

	Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026	
	Number of Options	Weighted Average Exercise Price (Yen)	Number of Options	Weighted Average Exercise Price (Yen)
Outstanding at the beginning of the year	1,008	1	1,000	1
Granted	—	—	—	—
Exercised	8	1	350	1
Forfeited or expired	—	—	—	—
Outstanding at the end of the year	1,000	1	650	1
Exercisable at the end of the year	1,000	1	650	1

Notes: 1. The weighted average stock price on the exercise dates for stock options exercised during the fiscal year ended March 31, 2025 was 2,354 yen and 2,356 yen for the fiscal year ended March 31, 2026.

2. The weighted average remaining contractual terms as of March 31, 2025 and 2026 were 18.7 years and 17.9 years, respectively.

(c) Measurement of Fair Value of Share Options Granted during the Reporting Period

No share options were granted during the fiscal years ended March 31, 2025 and 2026.

(2) Restricted Share-based Remuneration Plan

The Company has implemented a restricted share-based remuneration plan, granting incentives to directors other than outside directors and to corporate officers and organization head of the Company (collectively, eligible officers) with the aim of achieving medium- to long-term performance targets and participating in shareholder value.

(a) Outline of Restricted Share-based Remuneration Plans

This plan consists of “Long-term share-based remuneration,” which is conditional on eligible officers remaining in the Company for a specified period of time as a director or corporate officer not concurrently serving as a director, and “Medium-term performance-linked share-based remuneration,” which is conditional on the achievement of performance conditions aimed at improving the corporate value of the Company over the medium to long term in addition to the vesting condition described above.

Eligible officers make contributions in kind, with all the monetary compensation receivables awarded by the Company, and in turn receive ordinary shares in the Company that are newly issued or disposed of from treasury.

In addition, when issuing or disposing of the Company’s ordinary shares under this plan, it is conditional on the agreement on allotment of restricted shares between the Company and the eligible officers, which includes the following items 1) to 4) and so on.

- 1) The transfer, pledge or other disposal of shares to a third-party is prohibited for a specified period of time.
- 2) Under certain circumstances, the Company will acquire all or part of the restricted shares without payment of consideration.
- 3) Eligible officer has held any of the positions of director, corporate officer, or organization head who does not concurrently serve as director throughout the restriction period.
- 4) As for the “Medium-term performance-linked share-based remuneration,” adding to the condition of 3) above, the Company shall lift the transfer restriction for vested shares of which the number is determined based on the level of achievement of the performance conditions, originally set by the Board of Directors meeting, such as Return on Equity (ROE), etc., at the end of the restriction period.

The transfer restriction period is 30 years for “Long-term share-based remuneration” for which the primary objective is to allow eligible officers to participate in shareholder value, and 3 years for “Medium-term performance-linked share-based remuneration” for which the primary objective is to incentivize eligible officers to achieve the performance targets of medium-term management plans.

The transfer restrictions are lifted immediately when a director, corporate officer, or organization head who does not concurrently serve as director, steps down or retires due to the expiration of their term of office, compulsory retirement or any other legitimate reasons.

The measurement of fair value is based on the closing price of the company’s common stock at the Tokyo Stock Exchange Prime Market on the business day prior to the date of each resolution at the Board of Directors’ meeting (when no trading is made on the day, the most recent closing price before the resolution).

(b) Shares Granted during the Reporting Period and Fair Value

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Grant date	July 19, 2024	July 17, 2025
Shares granted:		
Long-term share-based remuneration	27,800 shares	73,800 shares
Medium-term share-based remuneration	46,300 shares	126,600 shares
Fair value at grant date	6,068 yen	2,496.5 yen

(3) Share-based Remuneration Expenses

The breakdown of share-based remuneration expenses is as follows:

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Equity-settled	447	499
Cash-settled	—	—
Total	447	499

Note: Cash-settled share-based remuneration pays the difference between exercise price and share price on the date of exercise in cash to corporate officers who reside overseas. During the exercise period, the corporate officer can only exercise at one time, up to 10 days subsequent to the day after the retirement of the corporate officer. If a corporate officer is appointed a director, the corporate officer cannot exercise this right until his/her retirement.

The carrying amount of liabilities arising from cash-settled remuneration plans were 60 million yen as of March 31, 2025 and 2026, respectively.

27. Trade Payables

The breakdown of trade payables is as follows:

	Millions of yen	
	As of March 31, 2025	As of March 31, 2026
Trade payables	13,579	22,149

28. Government Grants

Government grants recognized as deferred income included in “Other non-current liabilities” and “Other current liabilities” in the consolidated statement of financial position are as follows:

	Millions of yen	
	As of March 31, 2025	As of March 31, 2026
Other non-current liabilities	3,925	3,403
Other current liabilities	2	1,072

Government grants related to assets are mainly received for the purchase of property, plant and equipment.

No outstanding conditions or other contingencies are associated with these above government grants.

Government grants related to income are mainly related to R&D activities. These grants are recognized in profit or loss in the same period as the related costs are incurred. Accordingly, the amounts of 3,494 million yen and 7,793 million yen were deducted from R&D expenses for the years ended March 31, 2025 and 2026, respectively.

29. Bonds and Borrowings

The breakdown of borrowings is as follows:

	Millions of yen			
	As of March 31, 2025	As of March 31, 2026	Average Interest Rate (%)	Maturity
Short-term borrowings	—	660,000	0.9	March 2027

Notes: 1.The average interest rate is the weighted average interest rate based on the balance on March 31, 2026.

2.The repayment deadline indicated is the repayment deadline for the balance on March 31, 2026.

30. Provisions

The breakdown and changes in provisions are as follows.

Millions of yen	
	Asset retirement obligations
As of April 1, 2025	—
Increases during the period	2,508
Accretion expense / Change due to passage of time	17
As of March 31, 2026	2,526

Millions of yen	
	As of March 31, 2026
Non-current liabilities	2,526
Current liabilities	—
Total	2,526

Asset retirement obligations relate primarily to restoration costs incurred under lease agreements for buildings and other real estate. The asset retirement obligations are primarily measured using an estimated useful life nine years from the date of acquisition and a discount rate of 2.185%.

31. Other Liabilities

The breakdown of other liabilities is as follows:

Millions of yen		
	As of March 31, 2025	As of March 31, 2026
Accrued bonuses	11,663	15,980
Accrued paid absences	2,969	4,029
Refund liabilities	3,589	2,967
Accrued expenses	15,954	17,775
Taxes and dues payables	4,310	3,620
Deposits	1,370	1,273
Other	36,362	38,163
Total	76,220	83,810
Non-current liabilities	4,363	3,626
Current liabilities	71,857	80,183

32. Financial Instruments

(1) Capital Management

The fundamental principles of SHIONOGI's capital risk management are to build and retain a steady financial base for the purpose of maintaining soundness and efficiency of operations and achieving sustainable growth.

According to these principles, SHIONOGI conducts business investment, profit distribution such as dividends, and repayment of borrowings based on steady operating cash flows through the development and sales of competitive products.

SHIONOGI uses the following primary indicators for capital management:

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Return on equity attributable to owners of parent (ROE)	13.1%	13.5%
Ratio of equity attributable to owners of parent to total assets	88.7%	65.4%
Ratio of fair value of equity attributable to owners of parent to total assets	124.4%	114.6%

(2) Financial Risk Management

SHIONOGI is exposed to financial risks including credit risk, liquidity risk, foreign exchange risk, and market price fluctuation risk, etc. in the course of conducting its business activities, and manages risks based on its policy to avoid or mitigate these risks.

In addition, SHIONOGI obtains necessary funding primarily through internal funds and bank borrowings based on its business plan for its main business, the production and sales of pharmaceuticals. Temporary surplus funds are managed through the investment in lower-risk financial assets. Derivatives are utilized for mitigating the risks described in latter part of this note, and not utilized for speculative purpose.

(3) Credit Risk

Notes and accounts receivable included in trade receivables are exposed to the credit risk of customers. In accordance with the internal procedures determined by the Company, the Finance & Accounting Department and related departments of the Company periodically monitor the conditions of major customers, manage the collection due dates and balances for each customer and try to identify credit risk of customers with worsening financial conditions at the early stage and mitigate the risk. Consolidated subsidiaries perform the similar credit risk management in accordance with the internal rules of the Company. The amount of trade receivables due from the largest customers comprises 58.8% and 49.2% as of March 31, 2025 and 2026, respectively.

Derivative transactions are also exposed to the credit risk of counterparty. The Company enters into derivative transactions with only financial institutions with high credit ratings to mitigate the counterparty risk.

SHIONOGI's maximum exposure to credit risk as of March 31, 2025 and 2026 is represented by the carrying amount after impairment of financial assets exposed to credit risk shown in the consolidated statement of financial position.

The maximum exposure to credit risk arising from the financial guarantee contracts is the amount of guarantee obligation as described in "36. Contingent Liabilities".

1) Recognition and Measurement of Allowance for Doubtful Accounts

SHIONOGI calculates the allowance for doubtful accounts for trade receivables, lease receivables and other financial assets. A financial asset is treated as credit-impaired if terms and conditions for repayment stipulated by contract cannot be fulfilled.

(i) Trade Receivables and Lease Receivables

Allowance for doubtful accounts is recognized at an amount equal to the lifetime expected credit losses, and is estimated based on past credit loss experience for similar assets.

(ii) Other Financial Assets

Allowance for doubtful accounts is generally recognized at an amount equal to the 12-month expected credit losses, and is estimated based on past credit loss experience for similar assets.

However, in principle, credit risk is considered to have increased significantly since initial recognition if repayment is overdue more than 30 days, and allowance for doubtful accounts is recognized at an amount equal to the lifetime expected credit losses. Allowance for doubtful accounts is estimated based on the recoverability of each individual asset.

All financial assets with particular collection risk due to extended default or insolvency or legal and formal bankruptcy proceedings on the part of the debtor are treated as credit-impaired financial assets. The allowance for doubtful accounts is recognized at an amount equal to lifetime expected credit losses for the entire period and is estimated based on the recoverability of each individual asset.

For any amount that is clearly unrecoverable in the future, the carrying amount of the financial asset is directly reduced, and the corresponding amount of allowance for doubtful accounts is also reversed.

2) Movement of Allowance for Doubtful Accounts

The movement of allowance for doubtful accounts during the fiscal years ended March 31, 2025 and 2026 is as follows:

(i) Allowance for Doubtful Accounts on Trade Receivables and Lease Receivables

Millions of yen

	Allowance for Doubtful Accounts on Trade Receivables and Lease Receivables		
	Credit Unimpaired	Credit Impaired	Total
As of April 1, 2024	(83)	—	(83)
Increases during the period	(69)	(478)	(547)
Decreases during the period (Utilized)	—	—	—
Decreases during the period (Reversed)	83	—	83
As of March 31, 2025	(69)	(478)	(547)
Increases during the period	(103)	—	(103)
Decreases during the period (Utilized)	—	—	—
Decreases during the period (Reversed)	69	478	547
As of March 31, 2026	(103)	—	(103)

(ii) Allowance for Doubtful Accounts for Other Financial Assets and Financial Guarantee Contracts

Millions of yen

	Allowance for Doubtful Accounts for Other Financial Assets and Financial Guarantee Contracts		
	Credit Unimpaired	Credit Impaired	Total
As of April 1, 2024	—	—	—
Increases during the period	—	(275)	(275)
Decreases during the period (Utilized)	—	—	—
Decreases during the period (Reversed)	—	—	—
As of March 31, 2025	—	(275)	(275)
Increases during the period	—	—	—
Decreases during the period (Utilized)	—	—	—
Decreases during the period (Reversed)	—	—	—
As of March 31, 2026	—	(275)	(275)

In the fiscal years ended March 31, 2025 and 2026, no significant increases or decreases occurred in the gross carrying amount of any assets that could affect the changes in allowance for doubtful accounts.

(4) Liquidity Risk

Liquidity risk is the risk that SHIONOGI will be unable to fulfill repayment obligations for financial liabilities due. The Company manages liquidity risk by having the Finance & Accounting Department prepare and update a timely cash flow plan based on reports from business units.

Major financial liabilities by contractual maturities are as follows:

(i) As of March 31, 2025

Millions of yen

	Carrying Amount	Contractual Cash Flow	Within 1 Year	After 1 Year but Not More Than 2 Years	After 2 Years but Not More Than 3 Years	After 3 Years but Not More Than 4 Years	After 4 Years but Not More Than 5 Years	More Than 5 Years
Non-derivative financial liabilities:								
Other financial liabilities	25,779	26,771	17,549	2,187	5,480	1	0	1,552
Borrowings	—	—	—	—	—	—	—	—
Trade payables	13,579	13,579	13,579	—	—	—	—	—
Lease liabilities	21,883	23,364	3,464	4,001	2,579	2,181	2,057	9,080
Derivative liabilities	570	570	542	27	—	—	—	—
Total	61,813	64,286	35,136	6,216	8,060	2,183	2,058	10,632

(ii) As of March 31, 2026

Millions of yen

	Carrying Amount	Contractual Cash Flow	Within 1 Year	After 1 Year but Not More Than 2 Years	After 2 Years but Not More Than 3 Years	After 3 Years but Not More Than 4 Years	After 4 Years but Not More Than 5 Years	More Than 5 Years
Non-derivative financial liabilities:								
Other financial liabilities	38,924	39,060	35,124	2,285	1,297	93	0	259
Borrowings	660,000	665,832	665,832	—	—	—	—	—
Trade payables	22,149	22,149	22,149	—	—	—	—	—
Lease liabilities	24,394	25,605	5,499	5,184	2,723	2,203	2,374	7,620
Derivative liabilities	5,765	5,765	5,591	173	—	—	—	—
Total	751,234	758,413	734,197	7,643	4,020	2,296	2,375	7,880

The cash flows included in the maturity analysis are not expected to occur significantly earlier or in significantly different amounts.

Financial guarantee contracts are not included above. The financial guarantee contracts are subject to payment obligations based on their performance claims. The maximum amount based on performance claims is the amount of the guarantee obligations as stated in Note “36. Contingent Liabilities”.

(5) Market Risk

1) Foreign Exchange Risk

SHIONOGI operates internationally, and therefore has trade receivables and payables, forecasted transactions, and loans receivable and long-term loans to Group companies denominated in foreign currencies that are exposed to the risks arising from changes in foreign exchange rates. The Company hedges trade receivables and payables denominated in foreign currencies by using forward foreign exchange contracts and currency option contracts to mitigate the risks of foreign exchange fluctuations identified by currency.

(i) Exposure to Currency Risk

Exposure to currency risk (net) is as follows. The amount of currency risk hedged with derivative transactions is excluded.

	As of March 31, 2025	As of March 31, 2026
USD (Thousands of USD)	21,207	107,817
EUR (Thousands of EUR)	61,363	36,433
CNY (Thousands of CNY)	28,483	5,716
GBP (Thousands of GBP)	380,922	1,724,330
TWD (Thousands of TWD)	106,293	733,853

(ii) Foreign Exchange Sensitivity Analysis

The following sensitivity analysis for financial instruments denominated in foreign currencies held as of the end of each fiscal year shows the impact from a ¥1.00 appreciation on profit before income taxes. This sensitivity analysis assumes that all other assumptions are held constant.

	Millions of yen	
	As of March 31, 2025	As of March 31, 2026
USD	(21)	(107)
EUR	(61)	(36)
CNY	(28)	(5)
GBP	(380)	(1,724)
TWD	(106)	(733)

2) Market Price Fluctuation Risk

SHIONOGI holds bonds and the equity instruments of business partners, and is therefore exposed to the risk of market price fluctuations. SHIONOGI manages the fair value and financial status of issuers (business partners) on a regular basis, and continuously reviews the status of equity holdings.

(6) Fair Values of Financial Instruments

1) Comparison between Fair Value and Carrying Amount

Millions of yen

	As of March 31, 2025		As of March 31, 2026	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial instruments measured at amortized cost:				
Debt securities (non-current)	1,999	2,019	17,214	17,005

The fair value of debt securities (non-current) is mainly determined by quoted market price or price offered by financial institutions. The fair value of financial instruments other than the above approximates carrying amount.

2) Fair Value Hierarchy

The fair value hierarchy of financial instruments is classified as follows:

Level 1: Fair value measured at quoted market prices in an active market without adjustment;

Level 2: Fair value measured at directly or indirectly observable prices other than the quoted prices included in Level 1;

Level 3: Fair value measured using valuation techniques that include unobservable inputs

Transfers between levels are recognized on the date when the event or change in circumstances that caused the transfer occurred.

(i) As of March 31, 2025

Millions of yen

	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets measured at amortized costs:				
Debt securities (non-current)	2,019	—	—	2,019
Financial assets measured at fair value through profit or loss:				
Derivative assets	—	—	1,256	1,256
Investments	—	—	7,261	7,261
Other	—	—	499	499
Subtotal	—	—	9,017	9,017
Financial assets measured at fair value through other comprehensive income:				
Shares and investments	40,278	—	244,305	284,583
Other	—	—	1,414	1,414
Subtotal	40,278	—	245,719	285,998
Total	42,297	—	254,737	297,035
Financial Liabilities				
Financial liabilities measured at fair value through profit or loss:				
Derivative liabilities	—	570	—	570
Contingent consideration	—	—	6,708	6,708
Total	—	570	6,708	7,278

(ii) As of March 31, 2026

Millions of yen

	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets measured at amortized costs:				
Debt securities (non-current)	1,907	15,097	—	17,005
Financial assets measured at fair value through profit or loss:				
Derivative assets	—	—	2,252	2,252
Investments	—	—	16,667	16,667
Other	—	—	499	499
Subtotal	—	—	19,420	19,420
Financial assets measured at fair value through other comprehensive income:				
Shares and investments	48,108	—	16,504	64,613
Other	—	—	1,475	1,475
Subtotal	48,108	—	17,980	66,089
Total	50,016	15,097	37,400	102,514
Financial Liabilities				
Financial liabilities measured at fair value through profit or loss:				
Derivative liabilities	—	5,765	—	5,765
Contingent consideration	—	—	1,789	1,789
Total	—	5,765	1,789	7,554

Notes:

- Level 1 financial assets include listed shares.
- The Level 2 financial assets are corporate bonds and other bonds. In addition, the Level 2 financial liabilities are derivative financial liabilities through foreign exchange forwards, etc. Fair values of these financial liabilities are calculated based on the prices offered by financial institutions.
- Level 3 financial assets are mainly unlisted shares and investments. Fair values of these assets are calculated using valuation techniques based on net asset value, discounted future cash flows or other valuation techniques. Fair value is calculated after a responsible person(s) determines the valuation technique that can appropriately reflect the risk, characteristics, and nature of the asset in accordance with the relevant internal regulations or using an external valuation expert. Unobservable inputs such as future cash flows and discount rates, etc. are used to measure fair value. For the calculation of fair value based on a discounted future cash flow, the assumption of peak sales of products was employed. When the peak sales of products rise (decline), the fair value tends to increase (decrease). The effect of a 1% increase or decrease in the peak sales of products on the fair value as of March 31, 2025 is as follows. (Because the significance of Level 3 financial assets has decreased, they have been omitted from the disclosures as of March 31, 2026.)

Millions of yen

	Peak sales of products	
	+1%	-1%
As of March 31, 2025	1,356	(1,550)

In addition, the weighted average cost of capital between 8.4% and 8.5% for the fiscal year ended March 31, 2025 was employed. When the weighted average cost of capital rises (declines), the fair value tends to decrease (increase). The effects on fair value as of March 31, 2025 when the weighted-average cost of capital is increased or decreased by 1% are as follows. (Because the significance of Level 3 financial assets has decreased, they have been omitted from the disclosures as of March 31, 2026.)

Millions of yen

	Weighted-average Cost of Capital	
	+1%	-1%
As of March 31, 2025	(4,844)	5,037

4. The contingent consideration represents milestone payments based on the status of research and development, and its fair value is calculated in consideration of the possibility of success of the research and development and the time value of money. Fair value increases when research and development, a significant non-observable input, has a greater likelihood of success.

3) Reconciliation of Level 3 Financial Instruments at the Beginning and End of the Reporting Period

A reconciliation of fair value at the beginning and end of the reporting period of financial instruments classified as Level 3 in the fair value hierarchy is as follows:

Millions of yen

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Balance at beginning of period	251,794	254,737
Total gain or loss:		
Profit (loss) (Note 1)	(190)	298
Other comprehensive income (Note 2)	(4,004)	124,243
Purchases	7,756	8,420
Sales	—	(63)
Transfers to Level 3 (Note 3)	359	—
Transfers from Level 3 (Note 4)	(611)	(354,775)
Other	(365)	4,537
Balance at end of period	254,737	37,400

Changes in unrealized gains and losses recognized in profit or loss for assets held at the end of reporting period	(190)	298
--	-------	-----

Notes:

1. Included in "Finance income" and "Finance costs" in the consolidated statement of profit or loss
2. Included in "Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income" and "Exchange differences on translation of foreign operations" in the consolidated statement of comprehensive income.
3. Transfer due to the delisting of the shares held
4. Transfer to Equity-method investments

(7) Derivatives and Hedge Accounting

The Company uses forward foreign exchange contracts, currency option contracts and interest rate option contracts to hedge foreign exchange fluctuation risk associated with monetary claims and liabilities denominated in foreign currencies and forecasted transactions. The maximum period for which cash flow fluctuations due to foreign exchange fluctuation risk are hedged is approximately 16 months.

Regarding derivative transactions, the Company enters into forward foreign exchange contracts and currency option contracts within the normal scope of transactions in accordance with internal procedures. The Finance & Accounting Department conducts the transactions, and regularly reports results to the Board of Directors meeting to manage transaction information. Consolidated subsidiaries do not engage in derivative transactions.

When applying hedge accounting, in principle, the Company confirms the existence of an economic relationship between the hedged item and the hedging instrument, through qualitative assessment of whether significant terms and conditions of the hedged item match or conform closely to those of the hedging instrument, in order to ensure that the hedged item and the hedging instrument have an economic relationship in which changes in the fair value or cash flows of the hedged item that is attributable to the hedged risk are offset by changes in the fair value or cash flows of the hedging instrument. The Company performs highly effective hedging, and therefore generally expects that no significant ineffective portion should arise.

In addition, the Company sets an appropriate hedging ratio in light of the economic relationship between the hedging instrument and the hedged item and the risk management strategy.

1) Effect of Hedge Accounting on the Consolidated Statement of Financial Position

Significant derivatives designated as hedging instruments as of March 31, 2025 and 2026 are as follows:

(i) As of March 31, 2025

Hedged Risk	Hedging Instrument	Contract Amount (Total)	Expected Rate (Average)	Carrying Amount (Millions of yen)	
				Derivative Assets	Derivative Liabilities
Foreign Exchange Rate Fluctuation Risk	Forward Foreign Exchange Contracts: GBP sell/JPY buy	GBP 1,055,000 thousands	JPY 188.31/GBP	—	570
	Total			—	570

(ii) As of March 31, 2026

Hedged Risk	Hedging Instrument	Contract Amount (Total)	Expected Rate (Average)	Carrying Amount (Millions of yen)	
				Derivative Assets	Derivative Liabilities
Foreign Exchange Rate Fluctuation Risk	Forward Foreign Exchange Contracts: GBP sell/JPY buy	GBP 1,160,000 thousands	JPY 201.94/GBP	—	5,765
	Total			—	5,765

Derivative assets and liabilities are included in "Other financial assets" or "Other financial liabilities" in the consolidated statement of financial position.

"Effective portion of cash flow hedges" related to ongoing hedging as of March 31, 2025 and 2026 is as follows:

Hedged Risk	Millions of yen	
	As of March 31, 2025	As of March 31, 2026
Foreign Exchange Rate Fluctuation Risk	(13)	42

Information on changes in fair value of hedged items and hedging instruments used as the basis for recognition of the ineffective portion of hedges has been omitted because the amounts of the ineffective portion of hedges recognized in profit or loss for the fiscal years ended March 31, 2025 and 2026 were not material.

2) Effect of Hedge Accounting on the Consolidated Statement of Profit or Loss and the Consolidated Statement of Comprehensive Income

The effects of applying hedge accounting on profit or loss and other comprehensive income for the fiscal years ended March 31, 2025 and 2026 are as follows. The amounts of the ineffective portion of hedges recognized in profit or loss for the fiscal years ended March 31, 2025 and 2026 were not material.

(i) Fiscal year ended March 31, 2025

Millions of yen

Hedged Risk	Gain (Loss) Recognized in Other Comprehensive Income	Reclassification Adjustments from Other Components of Equity into Profit or Loss	Line Item of the Consolidated Statements of Profit or Loss for Reclassification Adjustments
Foreign Exchange Rate Fluctuation Risk	(12)	1,157	Revenue and Foreign exchange gain (loss)

(ii) Fiscal year ended March 31, 2026

Millions of yen

Hedged Risk	Gain (Loss) Recognized in Other Comprehensive Income	Reclassification Adjustments from Other Components of Equity into Profit or Loss	Line Item of the Consolidated Statements of Profit or Loss for Reclassification Adjustments
Foreign Exchange Rate Fluctuation Risk	(13,422)	13,503	Revenue and Foreign exchange gain (loss)

3) Derivative transactions to which hedge accounting is not applied

(i) Fiscal year ended March 31, 2025

Not applicable.

(ii) Fiscal year ended March 31, 2026

Not applicable.

(8) Movement of Liabilities Arising from Financing Activities

The movement of liabilities arising from financing activities is as follows:

Millions of yen

	Short-term borrowings	Lease liabilities
As of April 1, 2024	—	11,620
Cash flows from financing activities		
Repayments of lease liabilities	—	(3,112)
Changes in non-cash items:		
New leases	—	13,726
Cancellation of leases	—	(286)
Other	—	(64)
As of March 31, 2025	—	21,883
Cash flows from financing activities		
Income from short - term borrowings	660,000	—
Repayments of lease liabilities	—	(4,160)
Changes in non-cash items:		
New leases	—	4,733
Cancellation of leases	—	(302)
Other	—	2,240
As of March 31, 2026	660,000	24,394

33. Principal Subsidiaries

(1) Principal subsidiaries

Principal subsidiaries of the Company as of March 31, 2026 are as follows:

No non-controlling interests in a company are material to the Company.

Company name	Location	Main business status	Ownership (%)
Shionogi Pharma Co., Ltd.	Osaka, Japan	Pharmaceutical Business	100
Shionogi Healthcare Co., Ltd.	Osaka, Japan	Pharmaceutical Business	100
Torii Pharmaceutical Co., Ltd.	Tokyo, Japan	Pharmaceutical Business	100
Shionogi Techno Advance Research Co., Ltd.	Osaka, Japan	Pharmaceutical Business	100
Shionogi Inc.	New Jersey, U.S.A.	Pharmaceutical Business	100
Tetra Therapeutics Inc. (Official name: Tetra Discovery Partners Inc.)	Michigan, U.S.A.	Pharmaceutical Business	100
Qpex Biopharma, Inc.	California, U.S.A.	Pharmaceutical Business	100
Shionogi B.V.	Amsterdam, Netherlands	Pharmaceutical Business	100
Taiwan Shionogi & Co., Ltd.	Taipei, Taiwan	Pharmaceutical Business	100
Beijing Shionogi Pharmaceutical Technology Limited	Beijing, Mainland China	Pharmaceutical Business	100
Shionogi (Hong Kong) Commerce Limited	Hong Kong, China	Pharmaceutical Business	100
Shionogi China Co., Ltd.	Shanghai, Mainland China	Pharmaceutical Business	100

(2) Changes in ownership interest in parent company due to acquisition of non-controlling interest

Fiscal year ended March 31, 2025

SHIONOGI acquired non-controlling interests in its consolidated subsidiaries, Ping An-Shionogi (Hong Kong) Limited and Ping An-Shionogi (China) Co., Ltd., making them wholly owned subsidiaries. As a result, capital surplus increased by 3,607 million yen and non-controlling interests decreased by 16,596 million yen.

On April 1, 2025, Ping An-Shionogi (China) Co., Ltd. changed its name to Shionogi China Co., Ltd.

Fiscal year ended March 31, 2026

Changes due to business combinations. Details are provided in “37. Business Combinations.”

34. Equity-method investments

(1) Principal affiliates

Principal associate of the Company as of March 31, 2026 is as follows:

Company name	Business status	Location	Equity share (%)
			As of March 31, 2026
ViiV Healthcare Ltd.	Pharmaceutical Business	London, U.K.	21.7

(2) Summary financial statements of principal associates

The following table presents the summarized financial information of ViiV Healthcare Ltd. and a reconciliation to the carrying amount of SHIONOGI's investment in the company.

Millions of yen

	As of March 31, 2026
Current assets	819,929
Non-current assets	549,046
Total assets	1,368,975
Current liabilities	934,212
Non-current liabilities	1,585,829
Total liabilities	2,520,042
Total equity	(1,151,067)
SHIONOGI Group share	(249,781)
Goodwill and consolidation adjustments	942,471
Book value of investments accounted for using the equity method	692,690

Note:

- 1.SHIONOGI has applied the equity method since March 31, 2026. Therefore, no share of profit or loss under the equity method was recognized for the fiscal year ended March 31, 2026. Accordingly, only the summarized consolidated statement of financial position is presented, and the summarized consolidated statement of profit or loss and the summarized statement of comprehensive income are not presented.
- 2.The identification of assets and liabilities for the fiscal year ended March 31, 2026, is currently under a detailed review, and the purchase price allocation has not been completed. Therefore, provisional accounting treatment has been applied based on reasonable information available at this time.

(3) Aggregate financial information of individually immaterial associates and joint ventures

Book value and share of comprehensive income (profit or loss and other comprehensive income) of investments in associates and joint ventures that are not individually significant are as follows:

Millions of yen

	As of March 31, 2025	As of March 31, 2026
Book value of investments accounted for using the equity method		
Associates	5	645
Joint ventures	10,424	17,415
Total	10,429	18,060

Millions of yen

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Share of profit or loss		
Associates	5	(883)
Joint ventures	(773)	(1,409)
Subtotal	(768)	(2,293)
Share of other comprehensive income		
Joint ventures	(53)	737
Subtotal	(53)	737
Share of comprehensive income		
Associates	5	(883)
Joint ventures	(826)	(671)
Total	(821)	(1,555)

35. Related Parties

(1) Transactions with Related Parties

The outstanding balances of transactions and payables between SHIONOGI and related parties are as follows. Details of principal subsidiaries and associates are provided in “33. Principal Subsidiaries” and “34. Equity-method investments.”

Fiscal year ended March 31, 2025

There were no material transactions or outstanding balances between SHIONOGI and other related parties.

Fiscal year ended March 31, 2026

Type	Company name	Relationship	Details of the transaction	Transaction amount	Outstanding balance
Associates	ViiV Healthcare Ltd.	Licensing agreement related to development, manufacturing, and marketing	Receipt of royalties	—	Accounts receivable
					76,008

(Note) Prices and other transaction terms are determined through negotiations to ensure fair pricing

(2) Remuneration for Key Management Personnel

Remuneration for key management personnel is as follows:

	Millions of yen	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Basic remuneration	376	469
Bonuses	136	252
Share-based remuneration	134	145
Other	—	12
Total	647	880

(Note)

1. Indicated in “Other” is the amount equivalent to fringe benefits for foreign nationality directors. This does not include the additional costs of being stationed abroad, namely the amount for tax adjustments associated with international job transfers (267 million yen), which aims to ensure the expected amount of remuneration if one were not stationed abroad.
2. Of the above amounts, remuneration paid in local currency is converted to yen using the average internal exchange rate for FY2025.

36. Contingent Liabilities

The Company guarantees the obligations of the following company.

	Millions of yen	
	As of March 31, 2025	As of March 31, 2026
PeptiStar Inc.	9,000	8,990

Notes:

1. The obligation is based on the environmental improvement agreement concluded by the Japan Agency for Medical Research and Development (AMED) as Cyclic Innovation for Clinical Empowerment (CiCLE) program.
2. The Company has jointly guaranteed with two companies outside SHIONOGI.

37. Business Combinations

Fiscal year ended March 31, 2025

Not applicable.

Fiscal year ended March 31, 2026

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

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

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

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

Torii Pharmaceutical

1. Outline of business combination

(1) Name and business description of the acquired company

Name	Torii Pharmaceutical Co., Ltd.
Business description	Manufacture and sale of pharmaceutical products
Date of acquisition	September 1, 2025

(2) Main reasons for the business combination

The SHIONOGI Group had been considering a collaboration with the JT Pharmaceutical Business since the beginning of 2024 to realize its vision “Building Innovation Platforms to Shape the Future of Healthcare” in its efforts relating to the STS2030 Revision, its medium-term business plan. After careful consideration, it concluded that acquiring the JT Pharmaceutical Business and making Akros and Torii Pharmaceutical wholly owned subsidiaries were highly significant to realizing the vision. While the JT Pharmaceutical Business is responsible for research and development, Torii Pharmaceutical is responsible for manufacturing, sales, and promotional activities. By establishing an integrated value chain between the two companies, we have created an efficient collaborative framework. Torii Pharmaceutical is a pharmaceutical company with strengths in the areas of skin diseases, allergens, and kidney/dialysis. To achieve its medium- to long-term business vision “VISION2030” and ensure sustainable growth beyond 2030, it has been focusing on “maximizing the value of existing products and development products” and “acquiring new in-licensed products.”

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

(3) Ratio of equity interest acquired

	Voting Rights Ratio	Equity Ownership Ratio
Percentage immediately prior to acquisition	38.46%	38.46%
Percentage on the acquisition date	61.54%	47.88%
Percentage after acquisition	100.00%	86.34%

2. Fair value of the consideration for the acquired company

Fair value of existing equity interest 69,754 million yen

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

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

(Notes) 1. The identification of assets and liabilities is currently under a detailed review, and the acquisition cost allocation has not been completed. Therefore, provisional accounting treatment has been applied based on reasonable information available at this time. Based on new information obtained by the end of the current fiscal year, the provisional fair value was adjusted. The main contents of the change were increases of 7,036 million yen in other non-current assets, 3,141 million yen in inventories and 2,102 million yen in other non-current liabilities, and a decrease of 3,501 million yen in intangible assets. As a result, goodwill decreased by 3,947 million yen.

2. Intangible assets are primarily sales rights.

3. Goodwill is primarily generated in relation to expected future profitability. None of the recognized goodwill is expected to be deductible for tax purposes.

4. Non-controlling interests are measured by multiplying the percentage of non-controlling interests by the identifiable net assets of the acquired company on the date control was acquired

4. Acquisition-related expenses

791 million yen

Acquisition-related expenses are included in "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

5. Cash flows associated with the acquisition

Acquisition consideration in cash	-
Cash and cash equivalents received on acquisition date	4,414 million yen
Payments for acquisition of subsidiaries	4,414 million yen

6. Business combinations achieved in stages

The loss on the step acquisition is not material.

7. Impact on business performance

The revenue and profit arising on and after the acquisition date in relation to this business combination are 40,548 million yen and 4,176 million yen, respectively. The revenue and profit for the year ended March 31, 2026 as if the business combination had taken place at the beginning of the fiscal year ended March 31, 2026 are 527,766 million yen and 206,962 million yen (pro forma information), respectively.

Please note that this pro forma information has not been audited by an auditing firm.

8. Additional acquisition

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

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

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

JT Pharmaceutical Business

1. Outline of business combination

(1) Name and business description of the acquired company

Name	Japan Tobacco Inc.
Business description	Pharmaceutical business
Date of acquisition	December 1, 2025

(2) Main reasons for the business combination

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

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

2. Fair value of the consideration for the acquired company

Fair value of acquisition consideration	4,271 million yen	(Adjusted for working capital)
---	-------------------	--------------------------------

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

	(Millions of yen)
	Provisional fair value
Fair value of acquisition consideration	4,271
Fair values of assets acquired and liabilities assumed	
Intangible assets (Note 2)	45,933
Property, plant and equipment	28,406
Other non-current assets	7,106
Other current assets	15,603
Other non-current liabilities	(35,902)
Other current liabilities	(13,093)
Fair values of assets acquired and liabilities assumed (net)	48,053
Bargain purchase gain (Note 3)	(43,781)
Total	4,271

(Notes) 1. The identification of assets and liabilities is currently under a detailed review, and the acquisition cost allocation has not been completed. Therefore, provisional accounting treatment has been applied based on reasonable information available at this time. Based on new information obtained by the end of the current fiscal year, the provisional fair value was adjusted. The main contents of the change were increases of 33,351 million yen in intangible assets, 9,538 million yen in property, plant and equipment and 26,023 million yen in other non-current liabilities. As a result, bargain purchase gain increased by 23,515 million yen.

2. Intangible assets are primarily sales rights.

3. In measuring the fair value of the acquired assets, the fair value of the net assets acquired exceeded the consideration transferred due to the recognition of valuation gains on intangible assets and property, plant and equipment (land and buildings). As a result, a bargain purchase gain of 43,781 million yen was recognized from this absorption-type split and was recorded in "Other revenue" in the consolidated statement of profit or loss.

4. Acquisition-related expenses

708 million yen

Acquisition-related expenses are included in "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

5. Cash flows associated with the acquisition

Acquisition consideration in cash	4,271 million yen
Cash and cash equivalents received on acquisition date	-
Payments for acquisition of businesses	4,271 million yen

6. Impact on business performance

The revenue and profit arising on and after the acquisition date in relation to this business combination are 8,265 million yen and (298) million yen, respectively. The revenue and profit for the year ended March 31, 2026 as if the business combination had taken place at the beginning of the fiscal year ended March 31, 2026 are 529,422 million yen and 208,370 million yen (pro forma information), respectively.

Please note that this pro forma information has not been audited by an auditing firm.

Akros Pharma Inc.

1. Outline of business combination

(1) Name and business description of the acquired company

Name	Akros Pharma Inc.
Business description	Clinical development and exploration of joint research and new technology projects overseas
Date of acquisition	December 1, 2025

(2) Main reasons for the business combination

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

(3) Ratio of equity interest acquired

	Voting Rights Ratio
Percentage immediately prior to acquisition	-
Percentage on the acquisition date	100.00%
Percentage after acquisition	100.00%

2. Fair value of the consideration for the acquired company

Fair value of acquisition consideration	4,238 million yen	(Adjusted for working capital)
---	-------------------	--------------------------------

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

	(Millions of yen)
	Provisional fair value
Fair value of acquisition consideration	4,238
Fair value of assets acquired and liabilities assumed	
Other financial assets (non-current)	1,954
Other non-current assets	1,154
Other current assets	513
Cash and cash equivalents	2,583
Other non-current liabilities	(986)
Other current liabilities	(891)
Fair values of assets acquired and liabilities assumed (net)	4,328
Bargain purchase gain (Note 2)	(89)
Total	4,238

(Notes) 1. The identification of assets and liabilities is currently under a detailed review, and the acquisition cost allocation has not been completed. Therefore, provisional accounting treatment has been applied based on reasonable information available at this time. Based on new information obtained by the end of the current fiscal year, the provisional fair value was adjusted. The main contents of the change were a decrease of 211 million yen in other non-current assets.

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

4. Cash flows associated with the acquisition

Acquisition consideration in cash	4,238 million yen
Cash and cash equivalents received on acquisition date	2,583 million yen
Payments for acquisition of subsidiaries	1,655 million yen

5. Impact on business performance

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

38. Subsequent Events

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

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

1. Purpose of the Merger

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

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

2. Overview of the Merger

(1) Merger schedule

Date of Board resolution for signing the absorption-type merger agreement: April 27, 2026

Date of signing the absorption-type merger agreement: April 27, 2026

Date of the Merger (effective date): April 1, 2027 (planned)

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

(2) Form of merger

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

(3) Allocation related to the merger

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

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

Not applicable

3. Situation after the Merger

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

4. Future prospects

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

(Completion of transfer of the edaravone business and establishment of a Radicava business company)

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

In addition, the Radicava operating company established as a result of this transaction commenced operations on that date as a wholly owned subsidiary of Shionogi Inc., the Company's U.S. group company.

1. Overview of the Radicava Operating Company

Name	RADIANCE NEWCO, LLC		
Headquarters location	400 Campus Drive, Florham Park, NJ 07932, USA		
Representative's title and name	Shionogi Inc.*		
Business activities	Radicava sales and related activities.		
Year established	2026		
Major shareholders and ownership percentages	Shionogi Inc. 100%		
Number of employees	143		
Relationship with the Company	Wholly owned subsidiary of Shionogi Inc.		

Reference	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2025
Tanabe Pharma's Radicava sales revenue in the United States for the most recent three years.	43,330 million yen	74,713 million yen	94,491 million yen

* The operating company was established as a single-member, member-managed LLC (with a corporation as the sole member) and is not structured for an individual to serve as its representative.

2. Outlook

The impact on consolidated financial results for the fiscal year ending March 31, 2027 and beyond is currently under review.

(Consolidation of Shionogi-Apnimed Sleep Science, LLC as a consolidated subsidiary)

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

The impact on consolidated performance for the fiscal year ending March 31, 2027 and beyond is currently under review. In addition, with respect to this transaction, the Company will account for it as an asset acquisition in accordance with the provisions of IFRS 3, "Business Combinations".

(2) Others

1) Interim information for the fiscal year ended March 31, 2026

(Millions of yen)

	Interim fiscal period	Fiscal year ended March 31, 2026
Revenue	212,965	499,677
Profit before income tax	98,384	238,916
Net profit attributable to owners of the parent	83,542	205,159
Basic earnings per share (Yen)	98.19	241.11

Note: In September 2022, the Company disposed of 9 million shares (3 million shares before the stock split) of the Company's stock to the Sumitomo Mitsui Trust Bank, Limited's trust account with respect to the Shionogi Infectious Disease Research Promotion Foundation (sub-trustee: Custody Bank of Japan, Ltd. (Trust Account)) and treated the said shares as its treasury shares. Therefore, the number of these shares has been deducted from the average number of common shares in the calculation of basic earnings per share.

2) Significant Legal Actions

- In August 2021, the Company, ViiV Healthcare Company, and GlaxoSmithKline Brazil Ltda jointly filed a patent infringement action against Blanver S.A. and Lafepe, which have obtained a Partnership for Productive Development (PDP) for dolutegravir sodium (Japanese brand name: TIVICAY) in Brazil, over the substance patent for dolutegravir sodium held by the Company with ViiV Healthcare.
- In February 2023, the Company, HOFFMANN-LA ROCHE INC., and GENENTECH, INC. jointly filed a patent infringement action in the U.S. District Court for the District of Delaware against NORWICH PHARMACEUTICALS, INC. and ALVOGEN PB RESEARCH & DEVELOPMENT LLC, which filed an application to market a generic version of baloxavir marboxil (brand name: XOFLUZA) in the United States. The patent infringement action seeks, among other relief, an order that the effective date of any FDA approval based on the aforementioned application shall not be earlier than the expiration date written in the Orange Book of the substance patent for the baloxavir marboxil, etc. held by the Company. A settlement was subsequently reached in July 2025.
- In April 2024, the Company, ViiV Healthcare Company, and ViiV Healthcare ULC jointly filed a patent infringement action in the Canadian Federal Court in Toronto against JAMP Pharma Corporation, which has filed an application to make a generic version of a combination of dolutegravir sodium, abacavir sulfate, and lamivudine (trade name: TRIUMEQ) in Canada, seeking an injunction against the exploitation before expiry of the dolutegravir sodium substance patent that the Company shares with ViiV Healthcare Company and the patent for the dolutegravir sodium combination held by ViiV Healthcare Company. A settlement was subsequently reached in July 2025.
- In October 2024, the Company, along with HOFFMANN-LA ROCHE INC. and GENENTECH, INC., jointly filed a patent infringement lawsuit in the U.S. District Court for the District of Delaware against NORWICH PHARMACEUTICALS, INC. and ALVOGEN PB RESEARCH & DEVELOPMENT LLC, which had filed an application for the approval of a generic version of baloxavir marboxil (brand name: XOFLUZA) in the United States. The lawsuit seeks, among other things, an order to ensure that the effective date of any FDA approval based on the aforementioned application will not precede the expiration date of the patent listed in the Orange Book for the baloxavir marboxil tablet formulation held by the Company. A settlement was subsequently reached in July 2025.
- In October 2025, the Company, along with ViiV Healthcare Company and ViiV Healthcare UK (No. 3) Limited, jointly filed a patent infringement lawsuit in the U.S. District Court for the District of Delaware against Aurobindo Pharma Ltd. and Aurobindo Pharma USA Inc., which had filed an application for the approval of a generic version of dolutegravir sodium (brand name: TIVICAY) in the U.S. The lawsuit seeks, among other things, an order to ensure that the effective date of any FDA approval based on the aforementioned application will not precede the expiration date of the patent for the crystalline form of dolutegravir sodium, which is jointly held by Shionogi and ViiV Healthcare Company.

- In December 2025, the Company, along with ViiV Healthcare Company, ViiV Healthcare UK (No. 3) Limited, and Janssen Sciences Ireland Unlimited Company, jointly filed a patent infringement lawsuit in the U.S. District Court for the District of Delaware against Zydus Pharmaceuticals (USA) Inc., Zydus Lifesciences Global FZE, and Zydus Lifesciences Limited, which had filed an application for the approval of a generic version of dolutegravir sodium (brand name: JULUCA) in the U.S. The lawsuit seeks, among other things, an order to ensure that the effective date of any FDA approval based on the aforementioned application will not precede the expiration date of the patent for the crystalline form of dolutegravir sodium, which is jointly held by Shionogi and ViiV Healthcare Company, the patent for dolutegravir combinations, which is held by ViiV Healthcare Company, and the patent for dolutegravir preparations, which is held by ViiV Healthcare Company and Janssen Sciences Ireland Unlimited Company.
- Toray Industries, Inc. (“Toray”), the holder of a use patent (the “Patent”) relating to the oral antipruritic agent Remitch® OD tablets, which are marketed by Torii Pharmaceutical, a SHIONOGI Group company, sought damages in court against Sawai Pharmaceutical Co., Ltd. (“Sawai”) and Fuso Pharmaceutical Industries, Ltd. (“Fuso”), who market generic versions of the drug, for infringement of the Patent. In May 2025, the Intellectual Property High Court rendered a judgment ordering Sawai and Fuso to pay damages. Sawai and Fuso have filed appeals with the Supreme Court, and it is currently difficult to predict the ultimate outcome of the litigation. The damages awarded under the judgment are, in principle, to be shared equally between Toray and the SHIONOGI Group company.
- As of April 1, 2026, Shionogi Inc. has acquired ownership of and control over the assets related to RADICAVA oral solution, including the U.S. New Drug Application (NDA) and related patents.
 Since July 2023, Tanabe Pharma Corporation (formerly Mitsubishi Tanabe Pharma Corporation) has brought patent infringement actions in the U.S. federal district courts in Delaware and/or New Jersey against Cipla USA, Inc., Apotex Corp., Lupin Limited, Sandoz Inc., Zydus Pharmaceuticals (USA) Inc., and their subsidiaries and affiliates in connection with generic drug applications for edaravone (trade name: RADICAVA ORS®) in the United States. These actions are based on the patent rights covering RADICAVA ORS® and are intended to ensure that the effective date of FDA approval of the generic drug applications does not precede the expiration of the asserted patents.
 Furthermore, since April 2025, Tanabe Pharma Corporation has brought patent infringement actions in the U.S. federal district courts in Delaware and/or New Jersey against Shanghai Auzone Biological Technology Co., Ltd., Azurity Pharmaceuticals, and their subsidiaries and affiliates in connection with 505(b)(2) applications seeking U.S. marketing approval for certain edaravone-containing formulations. These actions are based on the patent rights covering RADICAVA oral solution and are intended to ensure that the effective date of FDA approval for 505(b)(2) applications does not precede the expiration of the asserted patents.

VI. Overview of Stock-related Administration for the Filing Company

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Date of record	March 31
Record date for dividends from surplus	September 30 March 31
Number of shares constituting one unit	100 shares
Purchase of shares less than one unit	
Handling office	(Special account) 4-5-33, Kitahama, Chuo-ku, Osaka Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited
Shareholder registry administrator	(Special account) 1-4-1, Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Forward office	—
Purchase fee	Gratis
Method of public notice	Electronic public notice (Note)
Special benefit for shareholders	None

Note: Electronic public notices are posted on the Company's website (<https://www.shionogi.com>).

However, in the event of a failure or other unavoidable circumstances preventing electronic public notice, public notices will be published in The Nikkei (Nihon Keizai Shimbun).

VII. Reference Information on the Filing Company

1. Information on the Parent Company, etc. of the Filing Company

The Company has no parent company, etc. as defined in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

The Company filed the following documents between the beginning of the fiscal year under review and the date of submittal of the Annual Securities Report.

(1) Annual Securities Report and documents attached thereto, and the Confirmation Letter thereof

For the fiscal year (160th fiscal year) (from April 01, 2024 to March 31, 2025) Submitted to the Director, Kanto Local Finance Bureau on June 19, 2025

(2) Internal Control Report and documents attached thereto

Submitted to the Director, Kanto Local Finance Bureau on June 19, 2025

(3) Semiannual Securities Report and the Confirmation Letter thereof

For the half year of the 161st fiscal year (from April 01, 2025 to September 30, 2025) Submitted to the Director, Kanto Local Finance Bureau on November 7, 2025

(4) Extraordinary Report

An extraordinary report according to the provision of Article 19, Paragraph 2, Item 7 (Decision on Absorption-type Company Split) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director, Kanto Regional Finance Bureau, on May 7, 2025

An extraordinary report according to the provision of Article 19, Paragraph 2, Item 2-2 (Disposal of Treasury Shares as Restricted Stock-based Compensation) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director, Kanto Regional Finance Bureau, on June 18, 2025

An extraordinary report according to the provision of Article 19, Paragraph 2, Item 9-2 (Matters that Require a Resolution of a General Meeting of Shareholders) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director, Kanto Regional Finance Bureau, on June 19, 2025

An extraordinary report according to the provision of Article 19, Paragraph 2, Item 3 (Change in Specified Subsidiaries) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director, Kanto Regional Finance Bureau, on September 1, 2025

An extraordinary report according to the provision of Article 19, Paragraph 2, Item 3 (Change in Specified Subsidiaries) and Item 7-3 (Decision on an Absorption-type Merger) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director, Kanto Regional Finance Bureau, on November 10, 2025

An extraordinary report according to the provision of Article 19, Paragraph 2, Item 16 (Acceptance of Transfer of the Business by a Consolidated Subsidiary) and Item 16-2 (Acquisition of a Subsidiary by a Consolidated Subsidiary) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director, Kanto Regional Finance Bureau, on December 26, 2025

An extraordinary report according to the provision of Article 19, Paragraph 2, Item 3 (Change in Specified Subsidiaries) and Item 7-3 (Decision on an Absorption-type Merger) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director, Kanto Regional Finance Bureau, on February 20, 2026

(5) Amendment Report to the Extraordinary Report

An amendment report to the extraordinary report submitted on May 7, 2025 according to the provision of Article 19, Paragraph 2, Item 7 (Decision on Absorption-type Company Split) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director, Kanto Regional Finance Bureau, on September 25, 2025

An extraordinary report submitted on February 20, 2026 according to the provision of Article 19, Paragraph 2, Item 3 (Change in Specified Subsidiaries) and Item 7-3 (Decision on an Absorption-type Merger) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director, Kanto Regional Finance Bureau, on April 27, 2026

Part II Information on Guarantors, etc. for the Filing Company

Not applicable.

English Translation
Independent Auditor's Reports on the Audit of Consolidated Financial Statements and
the Internal Controls over Financial Reporting

NOTE TO READERS:

The following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

June 18, 2026

The Board of Directors
Shionogi & Co., Ltd.

Ernst & Young ShinNihon LLC
Osaka, Japan

Koichiro Kitaike
Designated Engagement Partner
Certified Public Accountant

Naoki Nakazawa
Designated Engagement Partner
Certified Public Accountant

<The Audit of the Consolidated Financial Statements>

Opinion

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the accompanying consolidated financial statements of Shionogi & Co., Ltd. for the consolidated fiscal year from April 1, 2025 to March 31, 2026 presented in "Financial Information," which comprise the statement of financial position as of March 31, 2026, and the consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Shionogi & Co., Ltd. and its consolidated subsidiaries as of March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as provided for in Article 312 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent from the Company and its consolidated subsidiaries in accordance with professional ethical standards (including those applied to audits of the financial statements of entities with significant social influence) in Japan and fulfill other ethical responsibilities as an accounting auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As stated in the Notes on Consolidated Financial Statements, "38. Subsequent Events," the Company resolved at a meeting of its Board of Directors held on December 22, 2025, to enter into an agreement to acquire all global rights, including in Japan and the U.S., to edaravone, a drug developed and marketed by Tanabe Pharma Corporation for the treatment of amyotrophic lateral sclerosis (ALS). The Company completed the transfer of all rights to edaravone in major countries and regions, effective April 1, 2026.

This matter does not affect our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year ended March 31, 2026. These matters were addressed in the context of the audit of the consolidated financial statements as a whole and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Accounting treatment for the business combination arising from the acquisition of Japan Tobacco Inc.'s pharmaceutical business through a company split
Description of Key Audit Matter and Reasons Therefor
As described in Note "37. Business Combinations" to the consolidated financial statements, on December 1, 2025, the Company acquired the pharmaceutical business of Japan Tobacco Inc. (the "JT Pharmaceutical Business") through a company split. During the fiscal year ended March 31, 2026, the Company measured the identifiable assets acquired and liabilities assumed at their fair values as of their acquisition date and provisionally measured such assets and liabilities at 97,049 million yen and 48,996 million yen, respectively. As a result, the Company recognized a gain on bargain purchase of 43,781 million yen, representing approximately 18.3% of profit before tax. The majority of the assets acquired in this business combination consisted of intangible assets amounting to 45,532 million yen, relating to royalty income generated under out-licensing agreements. The Company believes that, by acquiring the JT Pharmaceutical Business, which has strengths in small-molecule drug discovery and advanced research and development capabilities, it will create a leading company that delivers innovative medicines originating in Japan to the world and contributes to the realization of a sustainable and healthy society. The acquisition is also expected to accelerate the development of promising pipeline projects held by the two companies and enable efficient and agile business operations through the establishment of a collaborative structure with the Company's pharmaceutical manufacturing functions. The amount of gain on bargain purchase recognized by the Company may change as a result of the fair value measurement of these intangible assets, and the fair value measurement of these intangible assets is important for users' understanding of the consolidated financial statements. The fair value measurement of the intangible assets involves a number of assumptions, the key assumption being the future sales forecasts for each product. - Future sales forecasts for each product may fluctuate depending on factors such as sales trends of competing products, changes in the competitive environment, and the sales strategies of licensees, and therefore they involve estimation uncertainty. Therefore, the estimation of future sales forecasts for each product is important and requires significant management judgment. Based on the above, we determined, among the accounting treatments relating to the business combination arising from the acquisition of the JT Pharmaceutical Business through a company split, the provisional fair value measurement of the intangible assets and the amount recognized as a gain on bargain purchase as key audit matters.
Auditor's Response
In order to evaluate the reasonableness of the provisional fair value measurement of intangible assets and the amount recognized as a gain on bargain purchase, we performed the following audit procedures among others. - To understand the nature of the transaction, the process for determining the acquisition price, and the factors giving rise to the gain on bargain purchase, we reviewed relevant documents, including minutes of Board of Directors meetings and financial due diligence reports, and made inquiries of management. - To assess whether all liabilities had been completely identified, we reviewed the agreement relating to the absorption-type company split, the financial, tax report, and legal due diligence report, and we made inquiries of management. - With regard to the future sales forecasts for each product used in the fair value measurement of the intangible assets, we made inquiries of management and assessed the forecasts in light of historical performance and available external data. - To verify the accuracy of the amounts recognized for the intangible assets and the gain on bargain purchase, we reperformed the fair value calculation for the intangible assets based on the supporting valuation documentation and recalculated the gain on bargain purchase as the difference between the acquisition cost and the identifiable assets acquired and liabilities assumed.

Other Information

The other information comprises the information included in the Annual Securities Report other than the consolidated and non-consolidated financial statements and our audit reports thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the performance of the directors' duties in establishing and operating the reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any opinion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs. This includes the establishment and operation of internal control that management determines is necessary to prepare and fairly present consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare such consolidated financial statements based on the going concern assumption and disclosing, as required by IFRSs, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the performance of the directors' duties in establishing and operating the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

The auditor is responsible for obtaining reasonable assurance, based on the audit conducted by the auditor, about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements from an independent standpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks (the selection and application of the audit procedures are based on the judgment of the auditor), and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of internal control.
- evaluate the appropriateness of accounting policies adopted by management and their methods of application, and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's preparation of the consolidated financial statements based on the going concern assumption, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the going concern assumption. If we conclude that a material uncertainty exists regarding the going concern assumption, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to express a qualified opinion with exclusions on the consolidated financial statements. Auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- evaluate the overall presentation, structure, and content of the consolidated financial statements, including related disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRSs.
- plan and implement audits of consolidated financial statements in order to obtain sufficient and appropriate audit evidence regarding the financial information of the company and its consolidated subsidiaries, which form the basis for expressing an opinion on the consolidated financial statements.

We are responsible for the direction, supervision, and review of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit, and any other matters required by the audit standards.

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

From the matters reported to the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the fiscal year ended March 31, 2026 and are therefore the key audit matters. We describe these matters in our auditor's report unless a law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<The Audit of the Internal Control over Financial Reporting>

Opinion

Pursuant to Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act, we have audited the report on internal control over financial reporting of Shionogi & Co., Ltd. as of March 31, 2026.

In our opinion, the above-mentioned internal control report, which states that the internal control over financial reporting was effective as of March 31, 2026, presents fairly, in all material respects, the results of the internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the internal control over financial reporting in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Internal Control over Financial Reporting section of our report. We are independent from the Company and its consolidated subsidiaries in accordance with professional ethical standards (including those applied to audits of the financial statements of entities with significant social influence) in Japan and fulfill other ethical responsibilities as an accounting auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Management's Report on the Internal Control over Financial Reporting

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the report on the internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing and examining the design and operation of internal control over financial reporting.

There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Audit of the Internal Control over Financial Reporting

The auditor is responsible for obtaining reasonable assurance about whether the management's report on internal control over financial reporting is free from material misstatement, based on our audit of the internal control over financial reporting, and to issue an auditor's report that includes our opinion on the internal control report from an independent standpoint.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- perform audit procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the management's report on the internal control over financial reporting. The audit procedures for the audit of the internal control over financial reporting are selected and performed, depending on the auditor's judgment, based on the significance of the effect on the reliability of financial reporting.

- evaluate the overall presentation of the management's report on the internal control over financial reporting, including the appropriateness of the scope, procedures, and results of the assessments that management presents.

- plan and conduct audits of internal control in order to obtain sufficient and appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision, and review of the audit of the management's report on the internal control over financial reporting. We remain solely responsible for our audit opinion.

We report to the Audit and Supervisory Committee regarding the planned scope and timing of the audit of internal control, results of the internal control audit, any identified significant deficiencies in internal control that should be disclosed, the results of their correction, and any other matters required by the internal control audit standards.

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

<Remuneration information>

The amounts of fees for audit certification services and non-audit services for the Company and its subsidiaries paid to our audit firm and to those who belong to the same network as our audit firm are set out in "Corporate Governance, etc. (3) Status of Audits" included in the "Information on the Filing Company."

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

[Cover Page]

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	June 19, 2026
[Company Name]	Shionogi Seiyaku Kabushiki Kaisha
[Company Name in English]	Shionogi & Co., Ltd.
[Title and Name of Representative]	Isao Teshirogi, Representative Director, President and CEO
[Title and Name of Chief Financial Officer]	Not applicable.
[Address of Registered Office]	3-1-8, Doshomachi, Chuo-ku, Osaka
	(The above is the address of the registered office, and actual business operations are conducted at the address below.)
	Grand Green Osaka, Park Tower, 5-54, Ofukacho, Kita-ku, Osaka
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc.
	(2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo)

1. Matters related to the appropriateness of the content presented in the Annual Securities Report

Isao Teshirogi, Representative Director, President and CEO of the Company, has confirmed that the contents of the Annual Securities Report for the Company's 161st fiscal year (from April 1, 2025 to March 31, 2026) are properly presented in accordance with the Financial Instruments and Exchange Act.

2. Special notes

No material items to report.

[Cover Page]

[Document Filed]	Internal Control Report
[Applicable Law]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	June 19, 2026
[Company Name]	Shionogi Seiyaku Kabushiki Kaisha
[Company Name in English]	Shionogi & Co., Ltd.
[Title and Name of Representative]	Isao Teshirogi, Representative Director, President and CEO
[Title and Name of Chief Financial Officer]	Not applicable.
[Address of Registered Office]	3-1-8, Doshomachi, Chuo-ku, Osaka (The above is the address of the registered office, and actual business operations are conducted at the address below.) Grand Green Osaka, Park Tower, 5-54, Ofukacho, Kita-ku, Osaka
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo)

1. Matters relating to the basic framework for internal control over financial reporting

Isao Teshirogi, Representative Director, Chairman of the Board, President and CEO of the Company, is responsible for designing and operating effective internal control over financial reporting of the SHIONOGI Group (the Company and its affiliates), and he has designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in “On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control over Financial Reporting (Council Opinions),” published by the Business Accounting Council.

Internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters relating to the scope of assessment, the basis date of assessment and the assessment procedures

The assessment of internal control over financial reporting was performed as of March 31, 2026, which is the final day of the fiscal year ended March 31, 2026. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted.

In conducting this assessment, we evaluated internal controls that may have a material effect on financial reporting overall on a consolidation basis (entity-level controls), and based on the results of this assessment, we selected business processes to be tested. We analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of internal controls.

We determined the necessary scope for assessment of internal control over financial reporting for the Company and its consolidated subsidiaries and equity-method affiliates from the perspective of materiality that may affect the reliability of financial reporting. Materiality that may affect the reliability of the financial reporting is determined while taking into account the materiality of quantitative impacts on each business site, as well as the risk assessment based on the qualitative aspect, including the risk of fraud. In light of the results of assessment of entity-level internal controls, which covered the Company and 23 consolidated subsidiaries, we reasonably determined the scope of assessment of internal controls over business processes. Note that 16 consolidated subsidiaries and five equity-method affiliates are not included in the scope of assessment of entity-level internal controls because they are considered to be immaterial in terms of quantitative impacts, as well as the impact of the results of risk assessment procedures based on qualitative aspects.

The Group operates in a single segment, whose business activities are the research and development, procurement, manufacture, and sale of prescription drugs, as well as related operations. As an indicator of the scale of business activities at each business site within the group, we have determined that revenue (after elimination of intercompany transactions) is appropriate. After considering the environment in which the Group operates and the characteristics of its business, we have determined that use of additional indicators is not necessary.

Based on this consideration, regarding the scope of assessment of internal control over business processes, we accumulated the business locations to be tested in descending order of revenue (after elimination of intercompany transactions) for the fiscal year ended March 31, 2025, and the one location whose combined consolidated revenue for the fiscal year ended March 31, 2025 reached two-thirds of the total amount on a consolidation basis was selected as a “significant business location.”

At the selected significant business location, in light of the business activities of the Group as a single segment, we included business processes leading to revenue, accounts receivable-trade, inventories and non-current assets, and research and development expenses as significant accounts that may have a material impact on the business objectives of the SHIONOGI Group.

Further, not only for the selected significant business location but also for all the business locations, the following business locations and business processes have been individually added to the scope of assessment, taking into account their impact on financial reporting.

- With regard to business processes related to inventories and non-current assets, one manufacturing subsidiary was added to the scope of the assessment in light of the fact that manufacturing is outsourced within the Group.

- With regard to business processes related to revenue, accounts receivable-trade, and inventories, one sales subsidiary was added to the scope of the assessment in light of the fact that it performs a part of the Company’s sales activities.

- Based on the items for which management made estimates and determinations in “V. Financial Information, 1. Consolidated Financial Statements, (1) Notes to Consolidated Financial Statements, 2. Basis of Preparation, (4) Significant Accounting Judgments, Estimates, and Assumptions” of the Annual Securities Report for the fiscal year ended March 31, 2025, taking into account the impact of uncertainties on the financial reporting of the fiscal year ended March 31, 2026 regarding such estimates or assumptions, the following business processes have been added to the scope of assessment.

- In connection with the acquisition of the JT Pharmaceutical Business, the Company measures royalty income arising from out-licensing agreements with licensees at fair value as an intangible asset. In measuring the fair value, the Company took into consideration that the future sales forecasts for each product by the licensees included elements of estimation and added the business process related to the assessment of intangible assets to the scope of the evaluation.

3. Matters relating to the results of the assessment

As a result of the assessment described above, as of the end of the fiscal year ended March 31, 2026, we concluded that the SHIONOGI Group’s internal control over financial reporting was effectively maintained.

4. Additional notes

Effective April 1, 2026, the Company has completed the transfer of all rights to edaravone, a treatment for amyotrophic lateral sclerosis (ALS), in major countries and regions. Accordingly, the business commenced on the same date, and this may have a significant impact on the assessment of the effectiveness of the Group’s internal control over financial reporting for the next fiscal year and beyond.

5. Special notes

No material items to report.