



May 7, 2025

Company name: Shionogi & Co., Ltd.
Representative: Isao Teshirogi, Ph.D., Representative Director,
President and CEO
(TSE Prime Code No. 4507)
Contact: Yoshimasa Kyokawa, Vice President, Corporate
Communications Department

TEL: 06-6209-7885

Notice of the Execution of an Agreement for Company Split (Simplified Absorption-type Split) of the Pharmaceutical Business of Japan Tobacco Inc. and for Acquisition of Shares in Akros Pharma Inc. by Shionogi Inc. (to Make Akros Pharma Inc. a Sub-subsidiary of Shionogi & Co., Ltd.)

OSAKA, Japan, May 7, 2025 - Shionogi & Co., Ltd. (Head Office: Osaka, Japan; Chief Executive Officer: Isao Teshirogi, Ph.D.; hereafter "Shionogi" or the "Company") today announced that at the Board of Directors meeting held on May 7, 2025, it resolved to succeed to the pharmaceutical business of Japan Tobacco Inc. (Headquarters: Minato-ku, Tokyo; President: Masamichi Terabatake; hereinafter referred to as "Japan Tobacco") (hereinafter referred to as "JT Pharmaceutical Business" or the "Business to be Split") through a company split (simplified absorption-type split) (hereinafter referred to as the "Absorption-Type Split") and to acquire all issued shares of Akros Pharma Inc. (a 100% sub-subsidiary of Japan Tobacco, headquartered in New Jersey, USA; hereinafter referred to as "Akros") by Shionogi Inc., a group company of Shionogi in the USA (hereinafter referred to as the "Share Acquisition"), and has entered into an agreement (hereinafter referred to as the "Agreement") regarding the same.

In connection with the Agreement, the Company also resolved at the Board of Directors meeting held today to conduct a tender offer (hereinafter referred to as the "Tender Offer") for the common shares of Torii Pharmaceutical Co., Ltd. (hereinafter referred to as "Torii Pharmaceutical"), a consolidated subsidiary of Japan Tobacco, to make Torii Pharmaceutical a wholly-owned subsidiary of the Company (hereinafter referred to as the "Full Ownership"). For details on the Tender Offer, please refer to the "Notice of Commencement of Tender Offer for Shares of Torii Pharmaceutical Co., Ltd. (Securities Code: 4551)" released today.

I. Purpose of the Absorption-Type Split and Share Acquisition (hereinafter referred to as the "Transaction")

Shionogi's basic policy (SHIONOGI Group Heritage) is to always provide the best medicine (healthcare solutions) necessary to protect people's health. The Company engages in research and development, manufacturing, and sales activities of prescription drugs, over-the-counter drugs, and diagnostic agents. In 2020, the Company set forth the Vision (SHIONOGI Group Vision) that aims to achieve by 2030, "Creating the Future of Healthcare with a New Platform," and formulated the medium-term management plan Shionogi Transformation Strategy 2030 (STS2030) to realize this Vision. The Company is transforming into a Healthcare as a Service (HaaS) company that provides various healthcare services tailored to customer

needs, not limited to the provision of prescription drugs, to comprehensively address the problems faced by patients and society worldwide.

From fiscal 2020 to fiscal 2022, the Company aimed to contribute to the early end of the COVID-19 pandemic by providing not only therapeutic drugs but also total care solutions for COVID-19, including detection (epidemic prediction), prevention, diagnosis, and mitigation of severe cases. As a result, the Company obtained domestic approval for the COVID-19 therapeutic drug Xocova at an unprecedented speed, advancing its drug discovery capabilities. Additionally, the Company expanded its product and service offerings beyond prescription drugs, including its first vaccine and wastewater epidemiology survey service. Based on the achievements and lessons learned from these efforts, the path to realizing the SHIONOGI Group Vision became clearer, leading to the revision of STS2030 in 2023 and the start of STS2030 Revision.

In STS2030 Revision, the three years from fiscal 2023 to fiscal 2025 are positioned as STS Phase 2, with the basic policy of global top-line growth centered on the infectious disease area and fostering growth drivers through aggressive investment, accelerating growth through transformation. In research and development, the Company focuses on high-impact infectious diseases and high-impact QOL diseases as priority areas. In infectious diseases, the Company has developed many innovative new drugs, such as the anti-HIV drugs (dolutegravir and cabotegravir), the for multidrug-resistant Gram-negative bacterial infections (cefiderocol), and the anti-influenza virus drug Xofluza, based on its strong foundation in small molecule drug discovery (creating drugs with molecular weights ranging from tens to hundreds). The Company aims to solve the problems faced by patients and society worldwide by further strengthening and expanding its strong foundation in small molecule drug discovery.

On the other hand, 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," 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. JT Pharmaceutical Business focuses on three priority research and development areas: cardiovascular, renal, and muscle, "immunology and inflammation, and central nervous system, with strengths in rapid clinical development through specialization on research and development in the 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, JT Pharmaceutical Business actively engages in out-licensing and partnerships with global mega-pharma companies, in addition to promoting in-house development.

Shionogi has been considering collaboration with JT Pharmaceutical Business and Torii Pharmaceutical to realize the Vision of "Creating the Future of Healthcare with a New Platform" in STS2030 Revision. As a result of these considerations, the Company concluded that by adding the capabilities of JT Pharmaceutical Business, which has strengths in small molecule drug discovery and development, it would be possible to accelerate the advancement of promising pipeline projects and increase the responsiveness and efficiency of business operations through collaboration with the Company's pharmaceutical manufacturing functions. The Company proposed to Japan Tobacco the acquisition of JT Pharmaceutical Business and the full ownership of Torii Pharmaceutical, and after subsequent discussions, reached the Agreement. The Company believes that the Transaction 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. The Company also believes that the

Transaction will provide opportunities for the employees of JT Pharmaceutical Business (including group companies) to continue to thrive with peace of mind.

II. Overview of the Absorption-Type Split

i. Summary of the Absorption-Type Split

(1) Date

(1) Date of Board Resolution for Agreement	May 7, 2025
(2) Date of Agreement	May 7, 2025
(3) Date of Board Resolution for Absorption-Type Split Agreement	September, 2025 (planned)
(4) Date of Absorption-Type Split Agreement	September, 2025 (planned)
(5) Effective Date of Absorption-Type Split	December, 2025 (planned)

(Note 1): The Absorption-Type Split falls under the simplified absorption-type split stipulated in Article 796, Paragraph 2 of the Companies Act for the Company, and Article 784, Paragraph 2 of the Companies Act for Japan Tobacco. Therefore, it will be carried out without the approval resolution of the shareholders' meeting.

(Note 2): The schedule may be changed as necessary, considering the need for responses to approvals, registrations, notifications, etc., from relevant authorities, circumstances, and other various factors.

(2) Method of Absorption-Type Split

The Company will be the succeeding company, and Japan Tobacco will be the splitting company.

(3) Allocation of Consideration

The Company will pay 5,397 million yen to Japan Tobacco as consideration for the Absorption-Type Split.

(4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights

Not applicable.

(5) Increase or Decrease in Capital Due to Absorption-Type Split

Not applicable.

(6) Rights and Obligations to be Succeeded

The Company will succeed to the assets, liabilities, and contractual rights and obligations related to the Absorption-Type Split, except for those separately specified in the Absorption-Type Split Agreement.

(7) Prospects for Debt Performance

The Company believes that there are no issues with performance of the debts that will become due after the effective date of the Absorption-Type Split.

ii. Allocation of Consideration and Basis for the Absorption-Type Split

(1) Basis and Reason for Allocation of Consideration

The allocation of consideration was agreed upon after comprehensive discussions between both companies, taking into account the performance status and future prospects of the business to be split.

(2) Matters Related to Calculation

The Company has not obtained a valuation report from a valuation institution in connection with the Absorption-Type Split.

(3) Prospect of Delisting and Its Reason

Since the consideration involves the exchange of money, there is no prospect of delisting.

(4) Measures to Ensure Fairness

Not applicable.

However, the Company has appointed Nishimura & Asahi Law Office as the legal advisor for the Absorption-Type Split and has received legal advice on various procedures, decision-making methods, and processes related to the Absorption-Type Split. Nishimura & Asahi Law Office does not have any significant interests that should be disclosed in relation to the Absorption-Type Split and is not a related party to the Company or Japan Tobacco.

(5) Measures to Avoid Conflicts of Interest

Not applicable.

iii. Overview of the Parties Involved in the Absorption-Type Split

	Absorbed Split Successor Company	Absorbed Split Company
(1) Name of Company	Shionogi & Co., Ltd.	Japan Tobacco Inc.
(2) Location	1-8, Doshomachi 3-chome, Chuo-ku, Osaka 541-0045, Japan	1-1, Toranomon 4-chome, Minato-ku, Tokyo
(3) Job Title and Name of Representative	Isao Teshirogi, Ph.D., Representative Director, President and CEO	Masamichi Terabatake, President, Chief Executive Officer and Representative Director
(4) Business Description	Research, development, manufacturing and distribution of pharmaceuticals, diagnostic reagents and medical devices, etc.	Manufacture, sale, and import etc., of manufactured tobacco
(5) Paid-in Capital	¥21,279 million (as of December 31, 2024)	¥100,000 million (as of December 31, 2024)
(6) Incorporated	June 5, 1919	April 1, 1985
(7) Number of Shares Issued	889,632,195 shares	2,000,000,000 shares

(8)	Fiscal Year-End	May 31	December 31			
(9)	Number of Employees	Consolidated : 4,959 (as of May 31, 2024)	Consolidated: 53,593 (as of December 31, 2024)			
(10)	Major Clients	ViiV Healthcare Ltd., Suzuken Co.,Ltd.	Nationwide tobacco retail outlets			
(11)	Major Banks	Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., MUFG Bank, Ltd.	—			
(12)	Major shareholders and shareholding ratios (the Company: as of September 30, 2024) (Japan Tobacco Inc.: as of December 31, 2024)	Japan Master Trust Bank, Ltd. (Trust Account) 18.55%	Minister of Finance 37.56%			
		Custody Bank of Japan, Ltd. (Trust Account) 8.50%	Japan Master Trust Bank, Ltd. (Trust Account) 10.24%			
		Sumitomo Life Insurance Company 6.49%	Custody Bank of Japan, Ltd. (Trust Account) 3.56%			
		SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account) 3.30%	SMBC Nikko Securities Inc. 1.85%			
		Nippon Life Insurance Company 2.93%	STATE STREET BANK WEST CLIENT - TREATY 505234(Standing Proxy: Settlement Sales Department, Mizuho Bank, Ltd) 1.45%			
(13)	Relationship between the parties concerned					
	Capital Relationship	None.				
	Personal Relationship	None.				
	Business Relationship	None.				
	Related Party Relationship	None.				
(14) Operating Results and Financial Position for the Last Three Years						
Fiscal Year-end	Shionogi & Co., Ltd. (Consolidated)			Japan Tobacco Inc. (Consolidated)		
	Ending March 2022	Ending March 2023	Ending March 2024	Ending March 2022	Ending March 2023	Ending March 2024
Total Capital	993,285	1,121,878	1,252,562	3,616,761	3,912,491	3,848,727
Total Assets	1,150,601	1,311,800	1,416,918	6,548,078	7,282,097	8,370,732
Equity Attributable to Owners of the Parent per Share (yen)	3,236.21	3,737.76	4,356.65	1,994.78	2,157.46	2,121.33
Sales Revenue	335,138	426,684	435,081	2,657,832	2,841,077	3,149,759
Operating Profit	110,312	149,003	153,310	653,575	672,410	323,461
Net Income Attributable to Owners of the Parent Company	114,185	184,965	162,030	442,716	482,288	179,240
Basic Earnings per Share (yen)	378.75	621.31	558.51	249.45	271.69	100.95

Dividend per Share (yen)	115	135	160	188	194	194
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(Unit: million yen, unless otherwise specified.)

iv. Overview of JT Pharmaceutical Business

(1) Content of JT Pharmaceutical Business

Research and development of prescription drugs

(2) Business Performance of JT Pharmaceutical Business

	Fiscal year ended December 2024
Net sales	¥44,942 million

(3) Items and Amounts of Assets and Liabilities of the JT Pharmaceutical Business to be Succeeded (as of December 31, 2024)

The assets (excluding shares of Torii Pharmaceutical and Akros) and liabilities, as well as other rights and obligations belonging to the JT pharmaceutical business, As stipulated in the absorption-type split agreement will be succeeded by our company.

Assets		Liabilities	
field	book value	field	book value
Current Assets	¥8,588 million	Current Assets	¥5,448 million
Fixed Liabilities	¥37,832 million	Fixed Liabilities	¥9,875 million
Total	¥46,420 million	Total	¥15,323 million

Note: The above amounts are calculated based on the balance sheet as of December 31, 2024, and the actual amounts to be succeeded will be adjusted for any increases or decreases up to the effective date.

v. Status After the Absorption-Type Split

(1)	Name of Company	Shionogi & Co., Ltd.	Japan Tobacco Inc.
(2)	Location	1-8, Doshomachi 3-chome, Chuo-ku, Osaka 541-0045, Japan	1-1, Toranomom 4-chome, Minato-ku, Tokyo
(3)	Representative	Isao Teshirogi, Ph.D., Representative Director, President and CEO	Masamichi Terabatake, President, Chief Executive Officer and Representative Director
(4)	Business Description	Research, development, manufacturing and distribution of pharmaceuticals, diagnostic reagents and medical devices, etc.	Manufacture, sale, import, etc., of manufactured tobacco
(5)	Paid-in Capital	¥21,279 million	¥100,000 million
(6)	Fiscal Year-End	March 31	December 31
(7)	Net Assets	It is not confirmed at this time	It is not confirmed at this time
(8)	Total Assets	It is not confirmed at this time	It is not confirmed at this time

vi. Overview of Accounting Treatment

For the accounting treatment related to the Absorption-Type Split, we plan to apply IFRS 3 'Business Combinations' and use the purchase method, with our Company as the acquiring entity. The amount of goodwill generated from this Absorption-Type Split is currently undecided, and we will inform you as soon as it is determined.

vii. Future Outlook

We are currently assessing the impact of this Absorption-Type Split on our consolidated performance, and will inform you as soon as it is determined.

viii. Other Noteworthy Matters

The Agreement is contingent upon the absence of any factors hindering the execution of the stock acquisition, such as the issuance of a cease and desist order, based on the results of the Japan Fair Trade Commission's review of the notification under Article 10, Paragraph 2 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade.

III. Overview of this Stock Acquisition

i. Overview of Our U.S. Subsidiary (Shionogi Inc.) Acquiring the Shares

(1) Name of Company	Shionogi Inc.
(2) Location	400 Campus Drive, Florham Park, NJ 07932, USA
(3) Representative	President and Chief Executive Officer Nathan McCutcheon
(4) Business Description	Development, manufacturing, and sales of pharmaceuticals
(5) Paid-in Capital	12 USD (as of March 31, 2024)
(6) Date of Founding	August 2008
(7) Major Shareholders and Shareholding Ratios	Shionogi (100%)

ii. Overview of the Subsidiary to be Acquired

(1) Name of Company	Akros Pharma Inc.
(2) Location	302 Carnegie Center, Suite 300, Princeton, NJ 08540
(3) Job Title and Name of Representative	President & CEO Teppei Higuchi
(4) Business Description	Clinical development, joint research, and exploration of new technology projects overseas
(5) Paid-in Capital	1,000 USD (as of December 31, 2024)
(6) Date of Founding	January 1999
(7) Net Assets	23,776 thousand USD (as of December 31, 2024)
(8) Total Assets	32,986 thousand USD (as of December 31, 2024)

(9)	Major Shareholders and Shareholding Ratios	JT AMERICA INC. (100%) ※ JT AMERICA INC. is a wholly owned subsidiary of Japan Tobacco Inc.	
(10)	Relationship between Shionogi and said company	Capital Relationship	None.
		Personal Relationship	None.
		Transactional Relationship	None.
		Status as Related Party	None.

iii. Overview of the Counterparty in the Stock Acquisition

(1)	Name of Company	JT AMERICA INC.	
(2)	Location	112 W. 34th Street, 18th Floors, New York, NY 10120	
(3)	Job Title and Name of Representative	President & CEO Toshimitsu Eguchi	
(4)	Business Description	Holding company functions in the U.S. for non-tobacco and non-food businesses	
(5)	Paid-in Capital	51 thousand USD (as of December 31, 2024)	
(6)	Date of Founding	May 1988	
(7)	Net Assets	141,447 thousand USD (as of December 31, 2024)	
(8)	Total Assets	142,125 thousand USD (as of December 31, 2024)	
(9)	Major Shareholders and Ownership Ratios	Japan Tobacco Inc.(100%)	
(10)	Relationship between Shionogi and said company	Capital Relationship	None.
		Personal Relationship	None.
		Business Relationship	None.
		Related Party Relationship	None.

iv. Number of Shares to be Acquired, Acquisition Price, and the Status of Shareholding Before and After the Acquisition

(1)	Number of Shares Owned Before the Change	0 shares (Ownership Ratio: 0%)
(2)	Acquisition Price	23,775,674 USD (approximately 3,603 million yen)
(3)	Number of Shares Owned After the Change	1,000 shares (Ownership Ratio: 100%)

* The acquisition price has been converted at an exchange rate of 1 USD = 151.55 JPY (based on the average rate over the past six months).

v. Date

(1)	Date of Board Resolution for Share Acquisition	May 7, 2025
(2)	Date of Share Transfer Agreement	May 7, 2025
(3)	Date of Share Acquisition	November 30, 2025 (planned)

vi. Future Outlook

We are currently assessing the impact of this stock acquisition on Shionogi's consolidated financial results for the fiscal year ending March 2026. If it becomes necessary to revise the performance forecast, Shionogi will promptly disclose the information.

Forward-Looking Statements

This announcement contains forward-looking statements. These statements are based on expectations in light of the information currently available, assumptions that are subject to risks and uncertainties which could cause actual results to differ materially from these statements. Risks and uncertainties include general domestic and international economic conditions such as general industry and market conditions, and changes of interest rate and currency exchange rate. These risks and uncertainties particularly apply with respect to product-related forward-looking statements. Product risks and uncertainties include, but are not limited to, completion and discontinuation of clinical trials; obtaining regulatory approvals; claims and concerns about product safety and efficacy; technological advances; adverse outcome of important litigation; domestic and foreign healthcare reforms and changes of laws and regulations. Also for existing products, there are manufacturing and marketing risks, which include, but are not limited to, inability to build production capacity to meet demand, lack of availability of raw materials and entry of competitive products. The company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

For Further Information, Contact:

SHIONOGI Website Inquiry Form: <https://www.shionogi.com/global/en/contact.html>