



Notice Regarding Actions to Achieve Management Conscious of Capital Costs and Stock Prices

OSAKA, Japan, October 27, 2025 - Shionogi & Co., Ltd. (Head Office: Osaka, Japan; Chief Executive Officer: Isao Teshirogi, Ph.D.) announced that at the Board of Directors meeting held on October 27, 2025, the company analyzed its current situation and decided on future policies to achieve management that is conscious of capital costs and stock prices. Please refer to the attached document for details.

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>

Actions to Achieve Management That is Conscious of Capital Costs and Stock Prices



SHIONOGI

Actions to Achieve Management That is Conscious of Capital Costs and Stock Prices

In order to increase corporate value, we have formulated a management strategy based on our strong drug discovery capabilities, and to achieve this, we will promote IR activities led by the management team regarding our expansion strategies into growth fields, financial strategy, and foundation strategy

Matters requested by the Tokyo Stock Exchange

Analysis of Current Situation

- Gain a proper understanding of the company's cost of capital and profitability
- Analyze and evaluate the current situation around these and the market valuation at Board of Directors' meetings

Planning & Disclosure

- Have the Board of Directors discuss and develop policies, targets, planning periods, and specific initiatives for improvement
- Disclose clear information on these, along with assessment of the current situation, to investors

Implementation of Initiatives

- Push forward with management that is conscious of cost of capital and stock price, based on the disclosed plans
- Engage in proactive dialogue with investors based on this disclosure

**Progress analysis
Disclosure updates**

(Involvement of the Board of Directors)
The Board of Directors analyzes and evaluates this disclosure material, the medium-term business plan, the portfolio strategy, the appropriateness of cross-shareholdings, etc.

Organization of this material

Analysis of current situation (pp. 3–4)

Strong drug discovery capabilities through focus on specific fields have supported the strong performance of the royalty business and the domestic and overseas infectious disease business, and ROE has remained at a high level. On the other hand, the PER has stagnated. We aim to improve the PER and PBR through corporate communication designed to raise future expectations

Management strategy and financial and foundation strategies that support it (pp. 5–8)

- (p. 5) Implement a portfolio strategy that leverages our strengths to tackle material issues and achieve STS2030 Revision
- (p. 6) Transform into a healthcare provider business based on stable income from drug discovery-based pharmaceutical business
- (p. 7) Implement cash allocation with an eye on business model expansion and shareholder return
- (p. 8) To expand our business model, we will improve our corporate functions, streamline our operations, and strengthen our management foundation

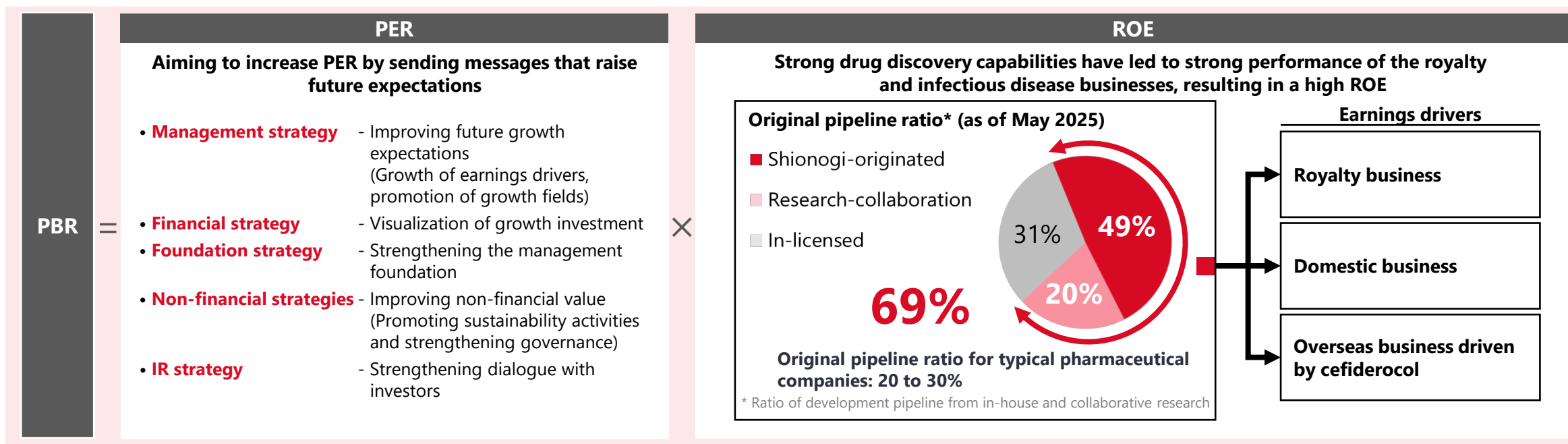
Non-financial and IR strategies for increasing corporate value (pp. 9–14)

- (p. 9) Transforming into a top-tier sustainability company by promoting sustainability activities based on dialogue results
- (p. 10-11) Promote management that is transparent and fair to stakeholders while also utilizing incentives
- (p. 12) Increase resilience in business management by strengthening risk management
- (p. 13-14) Management will take the lead in stakeholder engagement and incorporate feedback gained through dialogue into corporate management to promote the enhancement of corporate and social value

Analysis of Current Situation: Current Status of SHIONOGI

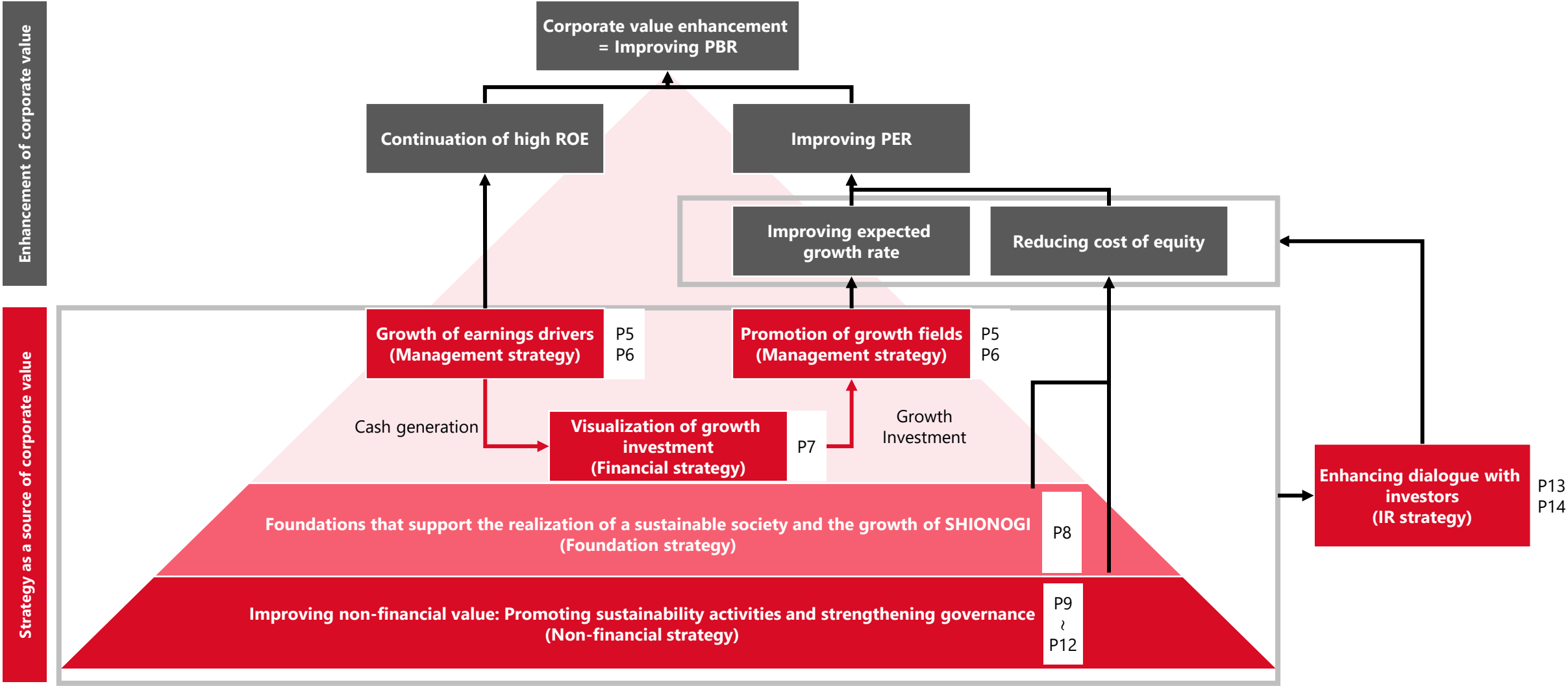
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	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
PBR	2.1x	2.1x	2.3x	1.6x	1.8x	1.5x
PER	13.4x	16.3x	19.9x	9.6x	13.9x	11.2x
ROE	15.5%	13.9%	12.5%	17.8%	13.9%	13.1%



Analysis of Current Situation: Overall Strategy of SHIONOGI

A breakdown of the elements for improving PBR to consider and implement strategies for each element



Management Strategy: Efforts to Achieve STS2030 Revision

By identifying material issues that need to be addressed in the long term and implementing a portfolio strategy that leverages SHIONOGI’s strengths, we will work to achieve STS2030 Revision through step-by-step achievement of financial targets

Material Issues		
Create value by solving healthcare social issues	Protect people from the threat of infectious diseases	Create innovation
	Contribute to a healthy and prosperous life	Improved access to healthcare
Reduce negative impacts on customers and society	Supply socially responsible products and services	Respect human rights
	Strengthening supply chain management	Protect the environment
Foundations that support the realization of a sustainable society and the growth of SHIONOGI	Developing and securing human resources to support growth	Strengthening governance
	Ensure compliance	

SHIONOGI's strengths						
<u>Innovation Skills</u>		<u>Infectious Disease Know-how</u>		<u>Alliances and Collaboration</u>	<u>Human Resources</u>	
Number of pipeline products	Internally-discovered pipeline ratio	Infectious disease total care		Newly Partnered companies	Education and training expenses per person	Work engagement score*
46	69%	Epidemic forecasting Prevention Diagnosis Treatment Suppression of aggravation		7	¥98thousand	3.52
(as of May 2025)				(FY2024) (STS2030 cumulative total: 55)		(FY2024) *Utrecht Work Engagement Scale
Maintaining an original pipeline ratio of over 60%		Unrivaled knowledge and technology against infectious diseases		Realizing alliances with optimal partners	A source of support for sustainable growth and the creation of new value	

STS2030 Revision			
Contribute to solving healthcare-related social issues Foundations that support the realization of a sustainable society and the growth of SHIONOGI and reduce negative impacts on customers and society			
Financial targets	Revenue	Overseas sales CAGR*	EBITDA
	800.0 B yen	15%*2	-

STS Phase2(~FY2025)			
Financial targets*3	Revenue	Overseas sales CAGR*	EBITDA
	530.0 B yen	Revised	196.0 B yen

SHIONOGI’s portfolio strategy		
Growth fields		
Expansion of overseas business	Expansion of products other than prescription drugs	Provision of new platform services
Earnings drivers		
Royalty business	Domestic business	Overseas business driven by Cefiderocol

* Excluding royalty income *2 Starting from FY2025 *3 KPI revised on May 2025

Management Strategy: SHIONOGI's Diverse Business Models

Based on stable cash inflows from our earnings drivers, the royalty business and domestic and overseas infectious disease business, we will invest in various growth fields and evolve into a healthcare provider

Growth fields

Expansion of overseas business

Strengthen in-house sales of Cefiderocol, Ensitrelvir, etc., at overseas group companies to enhance business growth and profitability in each global region.
In collaboration with government agencies in various countries, we are accelerating the development of treatments for AMR infections, COVID-19 preventive drugs through subsidies, while also expanding our pipeline.

Expansion of products other than prescription drugs

Stabilize the earnings of the entire group by promoting the OTC drug business, the CDMO business, and the vaccine business, which are relatively less dependent on patents and have relatively small revenue fluctuations, while creating synergies with existing businesses

Provision of new platform services

Through collaborative invention with diverse partners, which is one of SHIONOGI's strengths, we will actively promote the creation of a total care platform business for infectious diseases centered on the Test to Treat approach, as well as a total care platform business for QOL diseases.

Earnings drivers

Royalty business

SHIONOGI's core HIV business will continue to grow strongly and steadily
Growth is expected to be driven by LAI* and ULA formulations*2

* Long acting : Long-acting injectable formulation

*2 Ultra long acting: Ultra long-acting formulation



Dovato



Cabenuva

Domestic business

Expand in-house sales, mainly of pharmaceuticals in the infectious disease field, such as Xocova and Xofluza.
Stabilize the acute infectious disease business by providing multiple infectious disease drugs



Xocova



Xofluza

Overseas business driven by cefiderocol

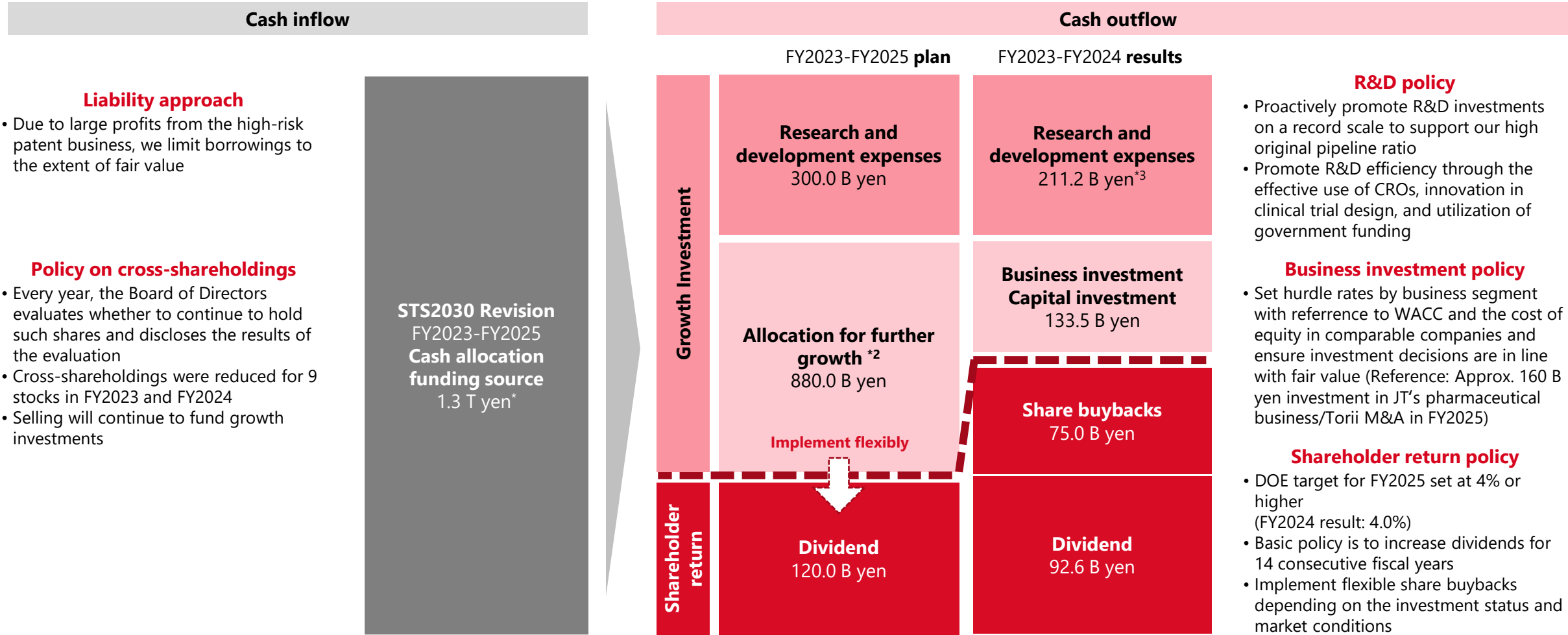
Sales of Cefiderocol in Europe, the U.S., and Taiwan have increased revenue, and we aim to achieve further growth by expanding the number of countries where it is sold



Cefiderocol

Financial Strategy That Supports Management Strategy

Based on our management strategy, we will build a financial foundation necessary for growth investments to achieve “global top-line growth centered on the infectious disease field” and “business expansion in growth fields through aggressive investments”



* Cash on hand (excluding working capital) at the end of FY2022: Approx. 400 B yen
+ “3-year operating cash flow (before deducting R&D expenses)”

*2 Capital investment (including system investment), business investment, etc.

*3 R&D expenses are based on P&L

Foundation Strategy That Supports Management Strategy

In order to evolve into a healthcare provider, we will strengthen our management foundation by implementing reforms to enhance corporate functions, while improving business efficiency

Enhancement of corporate functions

Strengthening the management foundation

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

- **Strengthening Global Foundation**
 - : Establishing global positions/reporting lines
 - : Beginning consideration for full operation of global HR systems/management accounting/IT infrastructure
 - : Supply chain diversification and optimization of global inventory allocation by developing manufacturing infrastructure globally
 - : Reassessing Global Headquarters functions and relocating headquarters to GRAND GREEN OSAKA as a global base of the worldwide SHIONOGI employees (November 2025)
- **Transitioning to a company with an Audit and Supervisory Committee**
 - : Establishment of new SHIONOGI Group Code of Conduct
 - : Regular holding of Global Corporate Executive Meeting

Enhancement of business foundation

Strengthening Human Resources

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

Realization of Dx transformation

- **Driving Business Innovation through DX**
 - : Introduction of AI-powered production management system to promote efficiency and visualization of production planning, and improvement in accuracy and speed of simulation
 - : Established the Digital Marketing Office in April 2025 to promote an omnichannel strategy that integrates real-world and digital information provision channels
- In 2025, selected for the third consecutive year as a "Noteworthy DX Company" by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.

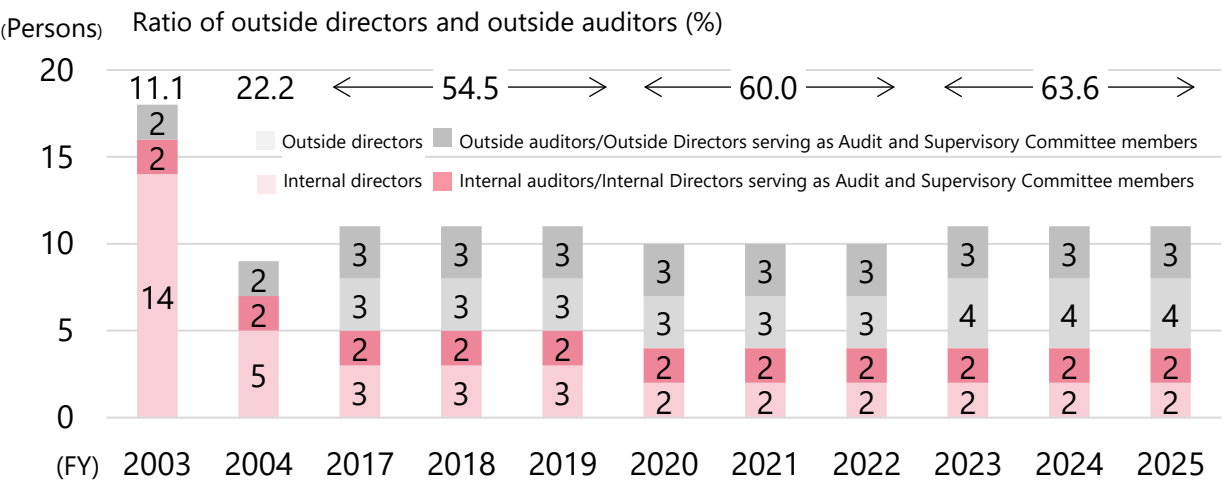
Non-financial Strategy for Corporate Value Enhancement: Reflecting It in Sustainability Activities

Strengthen risk management and monitoring to improve the effectiveness of sustainability strategies.

	-FY2021	2022	2023	2024
Group Strategy	Strengthened integration into corporate strategy Identifying and reviewing materiality	Reflecting them in the medium-term business plan	Review of materiality indicators	Strengthening collaboration with company-wide risk management
				Monitor the progress of materiality indicators as part of company-wide risk management
Development of a promotion framework	Reflecting ESG activities in officers' compensation	Revision of the skills matrix	Revision of executive compensation	Updating the skills matrix to align with anticipated changes in board structure
	Management commitment and Clarifying responsibilities	Identifying the skills required to realize HaaS and reflecting them in a matrix		As a monitoring board Enhancements
Implementation of activities	Strengthening response to external evaluations and surveys Formulation and implementation of a response plan based on the evaluation results		Reviewing the policy for responding to external evaluations	Driving initiatives in line with our policies
Information Disclosure	Establishing disclosure frameworks and media	Expanded disclosure of information	Sustainability briefing session	
		Disclosure of corporate activities behind financial results, including issues	Created opportunities for two-way dialogue with outside directors and officers in charge Setting themes based on the needs of the audience.	

Non-financial Strategy for Corporate Value Enhancement: Reflecting It in Governance Structure

Promoting management that is fair and transparent to stakeholders in order to ensure fair management and meet the expectations of society, based on the results of stakeholder engagement



2000s	2010s	2020s
• Number of internal directors reduced from 14 to five • Introduction of a corporate officer system • Introduction of outside directors (from June 2009) • Establishment of a Nomination Advisory Committee and a Compensation Advisory Committee (chaired by an outside director since August 2009) • Start of opinion exchanges with corporate auditors	• Majority passed to outside directors and outside auditors • Start of information sharing meetings with outside directors • Appointment of a female director (from June 2015) • Changing composition of the Nomination Advisory Committee and the Compensation Advisory Committee (the majority of members have been outside directors since October 2017)	• Appointment of an outside director as chairperson of the Board of Directors (from June 2020) • Increase in the number of female directors (from June 2020) • Performance review of the President conducted by the Nomination Advisory Committee • Improving diversity through the appointment of a foreign director (from June 2025) • Transition to a company with an Audit and Supervisory Committee (from June 2025)

Current governance structure

- Transition to a company with an Audit and Supervisory Committee (June 2025)
- Ratio of outside directors (outside directors appointed to chair the Board of Directors and the committees below)
Board of Directors 67%, Nomination Advisory Committee 71%, Compensation Advisory Committee 71%
- Proportion of women on the Board of Directors
Board of Directors 27%, Nomination Advisory Committee 29%, Compensation Advisory Committee 29%
- One foreign national appointed as director

Questions in effectiveness evaluation for which SHIONOGI's scores significantly exceeded the average scores of other companies

- Enhancing the management talent pool with an eye toward diversity and globalization
- Further improving management methods to increase efficiency and ensure time for deliberation
- Considering opportunities to provide information to directors other than Audit and Supervisory Committee members in light of changes in organizational structure
- Considering delegating authority to executive officers and enhancing discussions regarding medium- to long-term management strategies
- Enhancing the Board of Directors' agenda in response to the evolution of the Corporate Governance Code (ongoing issues): Investment in human capital, Compliance, Risk management, Management with an awareness of capital costs, etc.

Non-financial Strategy for Corporate Value Enhancement: Officers' Compensation

Promoting management from a stakeholder perspective by designing an officers' compensation system that is linked to the STS2030 Revision, and continually revising the compensation system, performance evaluation system, etc.

Remuneration determination process

Officers' compensation is thoroughly discussed at the Compensation Advisory Committee
The Committee discusses the compensation system for directors and corporate officers and various issues concerned, verifies the levels of remuneration every year, and deliberates on the remuneration system, the performance evaluation system, etc., for the following fiscal year

Composition of remuneration

The targeted ratio for each type of remuneration is set at base remuneration: performance-linked remuneration*: non-monetary remuneration*² = 1:1:1, on the premise that all KPIs are achieved
*Performance-linked remuneration consists of executive bonuses
*²Non-monetary remuneration consists of restricted stock

1	:	1	:	1
Base remuneration		Performance-linked remuneration		Non-monetary remuneration, etc.
Determined based on a basic remuneration table according to the position and responsibilities of each director, with due consideration of the operating environment and global trends		Determined based on a calculation table based on performance, such as achievement of target profits for each fiscal year, as a short-term incentive		Incentives to further increase the linkage with medium- to long-term business performance and to promote sustainable enhancement of corporate value for the Company's directors (excluding directors who are Audit and Supervisory Committee members and Outside Directors).

Compensation system

Total director remuneration is determined within limits set by resolution of the General Meeting of Shareholders. This consists of base monthly remuneration, performance-linked bonuses determined by the results for the fiscal year and other factors, and since FY2018, restricted stock compensation (medium-term performance-linked and long-term). Outside directors and directors who serve as Audit and Supervisory Committee members receive only base remuneration

Base remuneration

Determined based on the basic remuneration table according to the position and role of each director, taking into consideration the business environment and public trends

Performance-linked remuneration

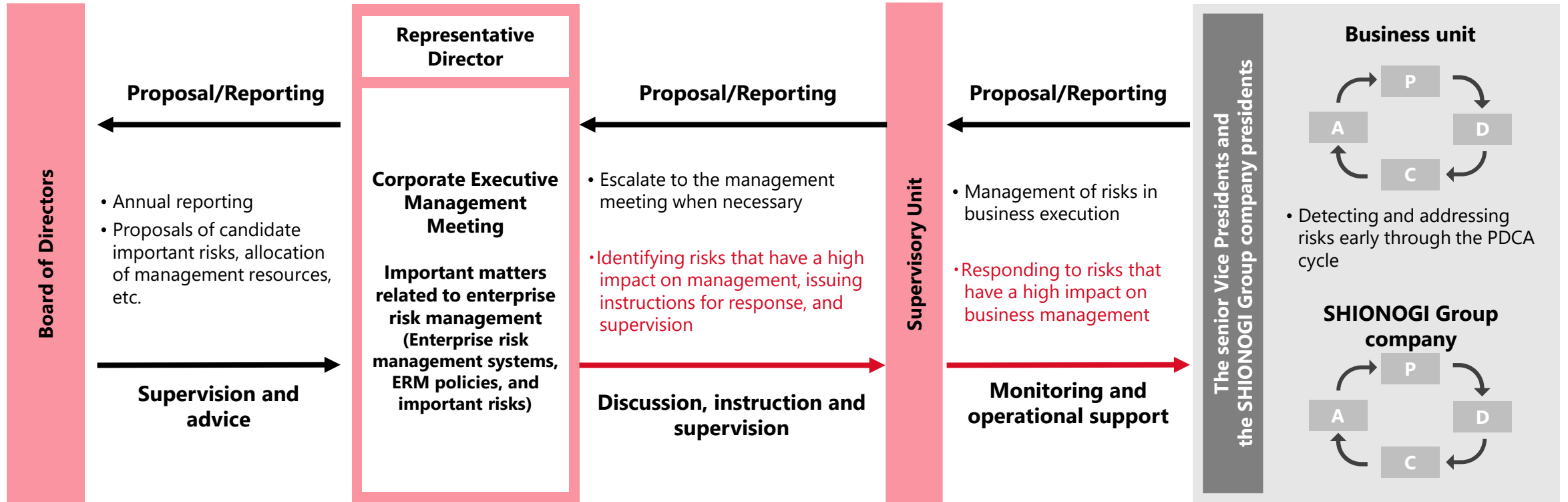
Determined based on a calculation table based on performance, such as achievement of target profits for each fiscal year, as a short-term incentive

Non-monetary remuneration (stock-based compensation)

Granted based on the stock-based compensation table according to directors' rank and job responsibilities
For medium-term performance-linked stock compensation in particular, performance will be evaluated based on the degree of achievement in FY2025 for the portion to be granted in the three-year Phase 2 period from FY2023 through FY2025 of the STS2030 Revision. Performance evaluations use such quantitative indicators as revenue, overseas net sales, CAGR, EBITDA, ROE, and the ranking in total shareholder return (TSR) among 11 industry peers including SHIONOGI (relative TSR), and also incorporate the status of ESG, compliance, and investment

Non-financial Strategy for Corporate Value Enhancement: Risk Management

In addition to risk management through the PDCA cycle at each business division and group company, SHIONOGI enhances business resilience by identifying, addressing, and overseeing high-impact risks through a top-down approach.



IR Strategy for Corporate Value Enhancement (1/2)

Promoting corporate value and social value enhancement by conducting stakeholder engagement under management’s leadership and reflecting feedback obtained through dialogue in management

Management Involvement

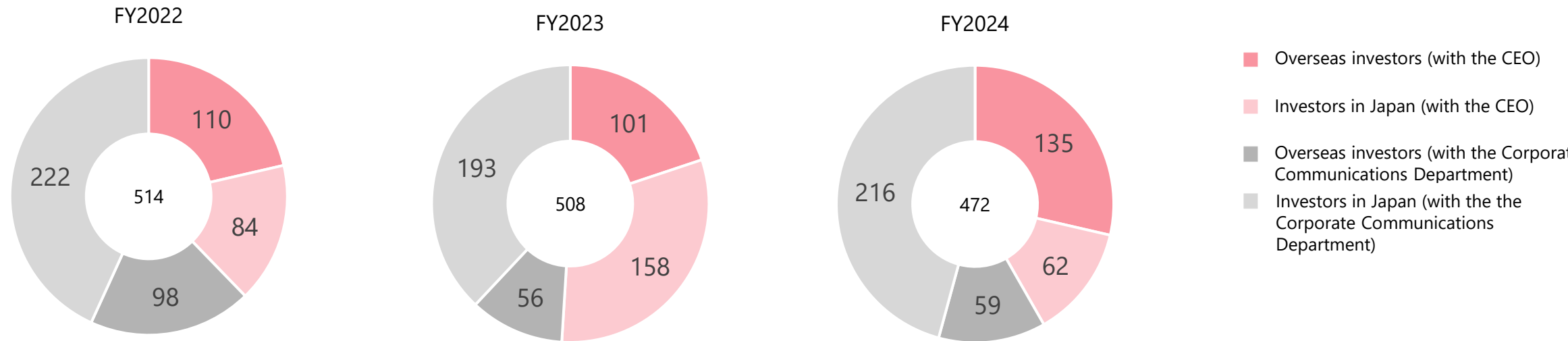
- IR policy: The essence of SHIONOGI’s corporate governance is to continue to engage its four stakeholders (shareholders/investors, customers, society, and employees) in an optimal balance. Based on this spirit, the CEO allocates 25% of his or her time to engaging with shareholders and investors
- Involvement of outside directors: Creating opportunities for communication in response to requests from shareholders and investors. Last year, outside directors took the stage at the sustainability briefing

IR promotion structure

- Promotion structure: The GM of the Corporate Communications Department also serves as the GM of the Corporate Secretariat, creating an organizational structure that enables IR activities to directly reflect the intentions of top management
- Method of feedback to management: The CEO conveys useful opinions obtained from dialogue with shareholders and investors to relevant departments in order to reflect them in management

Number of dialogues and persons in charge by investor attribute

The CEO himself actively practices dialogue with stakeholders



13 Starting from FY2024, the aggregation method has been changed (in FY2022 and FY2023, the count included participants of briefing sessions such as R&D Day)

IR Strategy for Corporate Value Enhancement (2/2)

Maintaining communication with investors to maximize corporate value by analyzing their needs by their type, defining appropriate persons in charge and opportunities, and holding briefings and conducting other IR activities

Briefings held in FY2024	Frequency	Persons in charge	Main agenda for briefings
Financial results briefings	4 times a year	CEO, officer in charge of R&D, officer in charge of the healthcare business, officer in charge of corporate functions, and officer in charge of the supply chain	Financial forecasts, shareholder return, initiatives aimed at corporate value enhancement, etc.
IR sessions	2 times a year	CEO, officer in charge of R&D, and GM of the Drug Development and Regulatory Science Division	HIV business briefings, R&D follow-up meeting, etc.
R&D Days	Once a year	CEO, officer in charge of R&D, GM of the Drug Discovery Research Division, and GM of the Drug Development and Regulatory Science Division	R&D strategy, initiatives in focus areas (infectious diseases, QOL-related diseases with high social impact)
Sustainability meetings	Once a year	CEO, outside directors, officer in charge of corporate functions, GM of the Sustainability Management Department, and GM of the human resources	Sustainable growth of SHIONOGI, human capital strategy, corporate governance (governance system)
Briefings for individual investors	Once a year	GM of the Corporate Communications Department and the Corporate Secretariat	Current status of the pharmaceutical industry, SHIONOGI's characteristics, growth strategy, policy of shareholder returns
Other IR activities in FY2024	Frequency	Persons in charge	Dialogue agenda
Participation in conferences hosted by securities companies	7 times a year	CEO, officer in charge of R&D	Progress of major businesses, medium- to long-term growth strategies, status of research and development, and shareholder return
Overseas NDRs	5 times a year	CEO, officer in charge of R&D	Progress of major businesses, medium- to long-term growth strategies, status of research and development, and shareholder return
Integrated report	Once a year	CEO, officer in charge of corporate functions	Value creation stories and status of corporate activities in the previous fiscal year
Press releases	54 releases a year	CEO, officer in charge of corporate functions	Progress of major businesses, status of research and development, and shareholder return