Press Release

Notice Regarding the Signing of the Basic Agreement with Ping An Insurance for a Capital and Business Alliance including the Disposal of Treasury Shares by Way of Third-Party Allotment

OSAKA, Japan, March 30, 2020 – Shionogi & Co., Ltd. (hereafter "Shionogi" or "the Company") today announced that, at a meeting held on March 30, 2020, its Board of Directors passed resolutions to form a capital and business alliance (hereinafter, "the Capital and Business Alliance") with Ping An Insurance (Group) Company of China Ltd. (Headquarters: Guangdong Province, China; hereinafter "Ping An Insurance") with the intention of establishing a long-term strategic partnership. As part of this alliance, it is planned to implement disposal of treasury shares by way of third-party allotment (hereinafter, "the Third-Party Allotment") to Ping An Life Insurance of China, Ltd. (Headquarters: Guangdong Province, China; hereinafter, "Ping An Life"), which is a subsidiary of Ping An Insurance, as a planned allottee. Shionogi concluded the Basic Agreement (hereinafter, "the Basic Agreement") concerning the Capital and Business Alliance with Ping An Insurance on the same date.

I. Outline of the Capital and Business Alliance

1. Purpose of and Reasons for the Capital and Business Alliance

In March 2014, Shionogi released its Medium-Term Business Plan, Shionogi Growth Strategy 2020 (SGS2020). This plan was updated in October 2016 to reflect our vision to "Grow sustainably as a drug discovery-based pharmaceutical company contributing to a more vigorous society through improved healthcare", with the goal of driving further growth by undertaking business activities with focus on addressing society's needs through balancing innovation and health economic efficiency. The Company plans to contribute continuously to global health and thus benefit society in the coming decades, continuing to realize its long-standing Company policy of "striving constantly to supply the best possible medicine to protect the health and wellbeing of the patients we serve". Toward this end, the Company recognizes that, to attain our growth strategy beyond 2020, we must realize the expansion of our business in China, which is expected to show the greatest pharmaceutical market growth in the world over the next 10 years, as we also continue to focus on sustaining and growing our business in the key markets of Japan and the United States.

As we examine the evolution of the external environment in recent years, we see a society that is increasingly information-driven, with its members becoming ever more "digital/IT-native". Simultaneously, the awareness of the importance of actualization of the Sustainable Development Goals (SDGs) is also creating a spirit of "SDG-native". Among the recent trends observed, we consider the following three to be particularly important: 1) rapid advancement of IT, AI technology and 5G/6G, etc.; 2) the increase in overall world population, however coupled with declining birthrates and aging populations in high- and middle-income countries; and 3) changes in disease prevalence and healthcare needs due to climate change. To survive in an era when major elements are evolving rapidly, we believe that it is necessary to carefully monitor the effects of these environmental changes and transitions on the needs of individuals with respect to their lives and health, and to

continue to provide the best solutions to society. Given the increasing complexity of society's needs, the Company has been promoting changes in awareness and behavior throughout its organization, while maintaining our basic strength as an established integrated pharmaceutical business, with unified technological capability and experience across R&D, manufacturing and sales. However, we also fully recognize that advancing innovation to truly meet the needs of this rapidly-changing society will require collaboration with companies from industries with different core expertise than our own, and we have been continuously engaged in dialogue with many such companies, with the goal of creating a future for healthcare that is unbound by current traditional concepts.

Ping An Insurance, with which Shionogi concluded this Basic Agreement, is a mixed-ownership company listed on the Hong Kong H-share market and the Shanghai A-Share market. In addition to its original insurance and financial services businesses, it is increasingly focusing on healthcare, utilizing its expertise in information technology with the strategic goal of "becoming the world's leading technology-driven personal financial services provider." Specifically, Ping An Insurance has been supporting the enhancement of the capabilities of the National Health Security Agency [1] by launching a platform that integrates coverage management and payment calculation for public health insurance, medical resource management, consulting, and other functions, while also offering a range of private medical insurance options from multiple providers under its umbrella. Ping An Insurance is also working to create and develop new information-driven businesses using its integrated financial services platform and various ecosystems covering financial services, healthcare, smart cities, mobility services, and real estate services. Ping An Insurance is utilizing "big data" and its powerful analytical resources to improve healthcare & medical services and to support clinical standardization and management services, using technological advancements such as AI-driven medical inquiries, diagnosis, and advice, augmented by remote-access physicians, medical appointment management, and drug delivery, offering China's largest internet-based medical healthcare management service platform.

As China drives forward with continuous improvement of the country's healthcare, people are expecting the development of innovative new drugs with new mechanisms of action that drug that can prevent the onset and worsening of diseases. Like Japan, China is facing an aging society, and medical needs are increasing dramatically. The present rate of novel drug development within China, and the quality of generic products currently available, have not met these needs. Driven by these societal requirements, Ping An Insurance has been seeking opportunities to collaborate on the R&D, manufacturing and sales of ethical pharmaceutical drugs to further develop its healthcare business, and to offer new solutions to meet the medical needs of Chinese society.

In this context, Shionogi and Ping An Insurance have found clear complementarity in our capabilities and close alignment in our vision for the future of healthcare, as well as in our mutual commitment to provide the best solutions to meet the changing needs of individuals for better lives and health. We therefore saw a powerful opportunity to bring together each other's strengths to provide new societal value as well as to drive the medium- to long-term growth of our respective entities, and thus we

[1] Refers to an organization that integrates and manages basic medical insurance and maternity insurance for urban employees and residents, a new rural cooperative medical system, price control of medicines and medical services, and medical emergency rescue, which are dispersed among multiple organizations within the government.

concluded this Basic Agreement for a Capital and Business Alliance. Going forward, we will complete a joint venture agreement, and will work together primarily through this new venture (hereinafter, "the Joint Venture").

The concept of the Capital and Business Alliance is to "create the future of healthcare." Through this strategic partnership between Shionogi and Ping An Insurance, we believe that we can establish a new drug discovery and development model, combining Shionogi's demonstrated new drug research and development capabilities with Ping An Insurance's healthcare data and analytical expertise developed from its bases in the insurance, financial services and healthcare industries. In addition, we see additional synergies in combining the strengths of Shionogi and Ping An Insurance, for example, through the development of a new manufacturing and quality control system integrating our pharmaceutical manufacturing and quality control know-how with the AI technology [2] of Ping An Insurance, and by building a new pharmaceutical sales and distribution model which offers our ethical and over-the-counter drugs on Ping An Insurance's Healthcare O2O (Online to Offline) [3] business platform, as well as numerous other potential opportunities across a broad range of healthcare-focused activities. We believe that many synergies will be achieved in various areas of healthcare, and both companies can achieve increased corporate value and support the realization of a healthy society.

Further strengthening and supporting this long-term strategic vision, and the commitment of the two companies to alignment in its realization, Shionogi and Ping An Insurance decided to form a capital alliance alongside the business alliance. This Capital Alliance will be accomplished by allotting the shares in the Third-Party Allotment to Ping An Life, which is one of Ping An Insurance's major subsidiaries which has the ability to make capital contributions.

2. Details of the Capital and Business Alliance

(1) Details of the Business Alliance

The business alliance currently agreed between Shionogi and Ping An Insurance can be outlined as follows.

- Establishment of the Joint Venture

Shionogi and Ping An Insurance (or its group company) will establish a Joint Venture, which will mainly focus on the objectives described in (i) to (iii) below. The group companies, functions and assets required to attain these objectives will be consolidated under this Joint Venture.

[2] Refers to technologies that artificially reproduce intelligent human behavior using software, etc.

[3] Refers to marketing and sales activities conducted through a combination of online websites and offline physical stores.

- Business objectives (plan)

(i) Build a data-driven [4] drug discovery/development platform, and thereby discover and develop pharmaceutical products (new, generic and over-the-counter drugs)

(ii) Build a manufacturing and quality control system using AI technology, and use it to produce high-quality of pharmaceutical products (new, generic and over-the-counter drugs)

(iii) Build a sales and distribution platform utilizing O2O, and use the platform to sell and distribute pharmaceutical products (new, generic and over-the-counter drugs)

With respect to the establishment of the Joint Venture, Shionogi and Ping An Insurance (or its group company) plan to execute the joint venture agreement by end of July 2020. Shionogi will announce the details of the agreement promptly after they are concluded.

(2) Details of the Capital Alliance

In the Third-Party Allotment, Shionogi will allot 6,356,000 shares of its common stock to Ping An Life [the percentage of the voting rights held by Ping An Life of the total number of voting rights after the Third-Party Allotment will be 2.05%, and the percentage of shares held by Ping An Life of the total number of shares issued (excluding treasury stock) after the Third-Party Allotment will be 2.04%]. Please see “II. Disposal of Treasury Shares by Way of Third-Party Allotment” below for further details of the Third-Party Allotment.

(Note) The percentage of the voting rights stated above is the percentage of voting rights (3,098,411), calculated as the Third-Party Allotment (63,560) voting rights added to the number of the existing voting rights (3,034,851) as of March 30, 2020, and the percentage of shares is based on the total shares of stock (310,141,331 shares) calculated by adding the Third-Party Allotment (6,356,000 shares) to the total number of issued shares (excluding treasury stock) as of that same day (303,785,331 shares).

3. Description of Ping An Insurance (as of December 31, 2019)

(1)	Name of Company	Ping An Insurance (Group) Company of China, Ltd.
(2)	Location	Ping An Finance Center, NO.5033 Yi Tian Road, Futian District, Shenzhen, Guangdong Province, China
(3)	Representative	Ma Mingzhe, Chairman & CEO
(4)	Business Description	Insurance business, banking business and investment business
(5)	Capital	JPY 285,242 million
(6)	Date of Foundation	May 27, 1998
(7)	Number of Shares Issued	10,832,664,498 A-Shares; 7,447,576,912 H-Shares
(8)	Fiscal-year End	December

[4] Refers to judgements/actions based on data such as real-world data, marketing data, web analysis data, etc.

(9)	Number of Employees	1.8 million (including 1.42 million insurance sales representatives) (Consolidated)
(10)	Main Customers	-
(11)	Main Banks	-
(12)	Major Shareholders and Shareholding Ratios	Hong Kong Securities Clearing Company Nominees Limited: 33.44% Shenzhen Investment Holdings Co., Ltd.: 5.27% Hong Kong Securities Clearing Company Limited: 4.48% New Orient Ventures Limited: 3.91% Business Fortune Holdings Limited: 3.27% China Securities Finance Corporation Limited: 2.99% Central Huijin Asset Management Ltd.: 2.65% Shum Yip Group Limited: 1.41% Dacheng Fund-Agricultural Bank of China -Dacheng Zhongzheng Financial Asset Management Plan: 1.10% Huaxia Fund-Agricultural Bank of China -Huaxia Zhongzheng Financial Asset Management Plan: 1.09%
(13)	Relationship Between the Parties	
	Capital Relationship	Number of shares of the allottee owned by Shionogi: Nil Number of shares of Shionogi owned by allottee: Nil
	Personal Relationship	There is no relationship to be disclosed between the parties.
	Transactional Relationship	There is no relationship to be disclosed between the parties.
	Status as Related Party	There is no relationship to be disclosed between the parties.

(14) Business Performance and Financial Position in the Past Three Fiscal Years (Consolidated) (million JPY, unless otherwise specified)

	FY Ended December 2017	FY Ended December 2018	FY Ended December 2019
Net Assets	9,173,876	10,667,587	13,300,409
Total Assets	101,318,151	111,458,977	128,310,848
Shareholders' Equity per Share (yen)	501.8	583.4	727.5
Net Sales	13,901,351	15,242,518	18,239,038
Operating Income	2,102,768	2,548,731	2,887,183
Ordinary Income	-	-	-
Net Income	1,390,132	1,675,935	2,331,352
Net Income per Share (yen)	77.9	93.9	131.2
Dividend per Share (yen)	23.4	26.8	32.0

(Notes)
1.) The main customers and main banks are omitted because Ping An Insurance, which is the counterparty in the Capital and Business Alliance, is a holding company and has no main customers or main banks.
2.) In (14), Business Performance and Financial Position in the Past Three Fiscal Years, the figures for the consolidated ordinary income are omitted because the accounting standards adopted by the allottee differ from JGAAP.
3.) Exchange rates are based on the interim rate of JPY 100 = RMB 6.4086 as of December 31, 2019, as announced by the Bank of China.

4. Schedule of the Capital and Business Alliance

(1)	Resolution of the Board of Directors	March 30, 2020
(2)	Execution of the Basic Agreement	March 30, 2020
(3)	Execution of the Joint Venture Agreement with Respect to the Joint Venture	By July 31, 2020 (Plan)
(4)	Payment for the Third-Party Allotment	By July 31, 2020 (Plan)

5. Future Prospects
The impact of the execution of the Basic Agreement on consolidated results for the fiscal year ending March 31, 2020 will be insignificant. Shionogi will promptly announce any matters requiring such in the future.

II. Disposal of Treasury Stock by Way of Third-Party Allotment

1. Outline of Disposal

(1)	Period of Share Disposal	From July 1, 2020 to July 31, 2020 (Plan)
(2)	Number of Shares to Be Disposed of	6,356,000 shares of Shionogi's common stock
(3)	Disposal Price	JPY 5,276 per Share
(4)	Amount of Capital to Be Raised	JPY 33,534,256,000
(5)	Method of Offering or Disposal (Planned Allottee)	By way of Third-Party Allotment (Ping An Life)
(6)	Other	Each of the foregoing items is conditional upon the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Act becoming effective.

(Note)
The prerequisites for execution of the Third-Party Allotment include the following: 1). The joint venture agreement for the establishment of the Joint Venture has been executed between Shionogi and Ping An Insurance or its group company; and 2). The allottee has obtained the various licenses required to undertake the Third-Party Allotment.

2. Purposes and Reasons for the Disposal

As stated in "I. Outline of the Capital and Business Alliance 1. Purposes of and Reasons for the Capital and Business Alliance," the Third-Party Allotment of shares to Ping An Life will be implemented as part of the Capital and Business Alliance with Ping An Insurance, which is the parent company of Ping An Life, and is intended to support a strong long-term strategic partnership with Ping An Insurance.

The Third-Party Allotment will have a dilutive effect on the ownership ratios of existing shareholders of Shionogi, but Shionogi believes that the Capital and Business Alliance with Ping An Insurance will help enhance the Company's corporate value because the Company can expect business expansion in Asian markets, including the Chinese market, as well as help to build new business models, and it will ultimately lead to the improvement of returns for existing shareholders.

3. Amount of Capital to Be Procured, Uses, and Scheduled Time of Payment

(1) Amount of Capital to Be Procured

(i) Total amount to be paid in	JPY 33,534,256,000
(ii) Estimated cost of disposal	JPY 10,000,000
(iii) Estimated net proceeds	JPY 33,524,256,000

(Notes)

1.) Estimated cost of disposal is exclusive of consumption tax, etc.

2.) The estimated cost of disposal includes the estimated amounts of legal costs, registration costs, costs for preparing securities registration statements, etc.

(2) Specific Uses of Capital to Be Procured

	Specific use	Amount (JPY)	Scheduled time of payment
(i)	Acquisition of new drug development rights	JPY 13,000,000,000	FY2020 to FY2022
(ii)	Research and development of new drugs in Asia, including China	JPY 17,000,000,000	FY2020 to FY2022
(iii)	Establishment of new drug manufacturing and quality control system in Asia, including China	JPY 2,000,000,000	FY2020 to FY2021
(iv)	Establishment of new drug sales and distribution system in Asia, including China	JPY 1,524,256,000	FY2020 to FY2021
	Total	JPY 33,524,256,000	

(Note)

The procured capital will be managed in the form of stable financial assets until it is actually used.

The procured capital via the Third-Party Allotment will be applied to strategic investment for ongoing new drug development and business through the Joint Venture. Calculation of the capital is estimated based on our past performance. We assume capital allocation to business via the Joint Venture will be implemented through our investment in the Joint Venture after its establishment. However, the details, including the specific timings of expenditures, have not yet been determined.

(i) Acquisition of new drug development rights

Funds for Shionogi to acquire development rights and in-licensing to expand its portfolio for new drug development in Asia, including China

(ii) Research and development of new drugs in Asia, including China

Funds for the Joint Venture to discover and develop pharmaceutical products (new, generic and over-the-counter drugs)

(iii) Establishment of a new drug manufacturing and quality control system in Asia, including China

Funds for the Joint Venture to manufacture pharmaceutical products (new, generic and over-the-counter drugs) and build a quality control system

(iv) Establishment of a new drug sales and distribution system in Asia, including China

Funds for the Joint Venture to build a sales and distribution system for pharmaceutical products (new, generic and over-the-counter drugs)

4. View on the Reasonableness of the Use of Funds

Shionogi believes that applying the funds to the uses described above in “3. Amount of Capital to Be Procured, Uses, and Scheduled Time of Payment, (2) Specific uses of capital to be procured” will help enhance Shionogi’s corporate value and will ultimately lead to the improvement of returns for existing shareholders, and judges that the use of funds raised through the Third-Party Allotment is reasonable.

5. Reasonableness of the Disposal Conditions, Etc.

(1) Basis of Calculation of the Amount to Be Paid and the Details Thereof

The disposal price in the Third-Party Allotment is determined to be 5,276 yen (rounded to the nearest yen, the same shall apply in (1) hereinafter), the closing price of the common shares of Shionogi on the Tokyo Stock Exchange, Inc. (hereinafter, “Tokyo Stock Exchange”) on March 27, 2020, the business day immediately preceding the day of resolution of the Board of Directors’ Meeting concerning the Third-Party Allotment.

The reason for using the closing price of our common shares on the business day immediately preceding the day of resolution of the Board of Directors’ Meeting is that the disposal price complies with the “Guidelines Concerning Treatment of Capital Increase by Allotment to a Third Party” of the Japan Security Dealers Association, and it was judged to be reasonable to calculate the fair value of our shares at the present time because it was a current price indicating corporate value objectively.

The disposal price of 5,276 yen represents a 2.1% premium on 5,167 yen, which is a simple average of the closing prices of the shares of the common stock of Shionogi over the previous one-month period, while a 13.9% discount on 6,125 yen and a 15.4% discount on 6,237 yen, which are simple averages of the closing prices of the shares of the common stock of Shionogi over the previous three-month and the

six-month periods, respectively, with the reference date being the immediately preceding day of the resolution of the Board of Directors' Meeting concerning the Third-Party Allotment.
Four auditors of Shionogi including two outside auditors attended the Board of Directors' Meeting concerning the Third-Party Allotment, and stated their opinions that the disposal price in the Third-Party Allotment complied with the "Guidelines Concerning Treatment of Capital Increase by Allotment to a Third Party" of the Japan Security Dealers Association, and that it was not particularly favorable for the allottee and was lawful.

(2) Basis for the Judgment that the Number of Shares to Be Disposed and the Level of Dilution of Shares Are Reasonable.
The number of shares to be disposed of in the Third-Party Allotment is 6,356,000 shares (63,560 voting rights). This represents 2.01% of the total number of issued shares of Shionogi, of 316,786,165 shares as of March 30, 2020 (2.09% of the total voting rights of 3,034,851), and the Third-Party Allotment will have a certain dilutive effect for existing shareholders.
However, since Shionogi is executing the Third-Party Allotment as a part of the Capital and Business Alliance, the Company considers it would contribute to enhancing Shionogi's corporate value, and thus judges that the number of shares to be disposed of in the Third-Party Allotment and the level of dilution are reasonable.

6. Reasons for Selecting the Allottee, Etc.
(1) Outline of Planned Allottee (as of December 31, 2019)

(1)	Name of Company	Ping An Life Insurance Company of China, Ltd.	
(2)	Location	Ping An Finance Center, NO.5033 Yi Tian Road, Futian District, Shenzhen, Guangdong Province, China	
(3)	Representative	Ding Xinmin, Chairman	
(4)	Business Description	Life Insurance	
(5)	Capital	JPY 527,416 million	
(6)	Date of Foundation	December 17, 2002	
(7)	Number of Shares Issued	33,800,000,000 shares	
(8)	Fiscal-year End	December	
(9)	Number of Employees	96,008 (Consolidated)	
(10)	Main Customers	Private individuals	
(11)	Main Banks	Bank of China, Industrial and Commercial Bank of China, China Construction Bank, Ping An Bank	
(12)	Major Shareholders and Shareholding Ratios	Ping An Insurance (Group) Company of China, Ltd.	99.51%
(13)	Relationship Between the Parties		
	Capital Relationship	Number of shares of the allottee owned by Shionogi	Nil

		Number of shares of Shionogi owned by the allottee	Nil
	Personal Relationship	There is no relationship to be disclosed between the parties.	
	Transactional Relationship	There is no relationship to be disclosed between the parties.	
	Status as Related party	There is no relationship to be disclosed between the parties.	

(14) Business Performance and Financial Position in the Past Three Fiscal Years (Consolidated) (Unit: JPY million, unless otherwise specified)

	FY Ended December 2016	FY Ended December 2017	FY Ended December 2018
Net Assets	1,682,333	2,485,332	2,724,152
Total Assets	29,001,935	35,283,057	40,208,532
Net Assets per Share (yen)	49.8	73.5	80.7
Net Sales	5,810,676	7,795,135	9,043,473
Operating Income	501,623	757,170	1,560,029
Ordinary Income	-	-	-
Net Income	380,114	536,545	1,137,565
Net Income per Share (yen)	11.2	15.6	33.9
Dividend per Share (yen)	8.0	8.1	14.6

(Notes)

1.) In (14) Business Performance and Financial Position in the Past Three Fiscal Years, figures for the consolidated ordinary income are omitted because the accounting standards adopted by the allottee differ from JGAAP.

2.) Shionogi requested that [JP Research & Consulting, Inc. (3-7-12 Toranomon, Minato-ku, Tokyo, Japan; Keisuke Furuno, Representative Director), a third-party investigative body, investigate]whether the allottee, the officers of the allottee anticipated as of the payment date of the Third-Party Allotment, or major shareholders of the parent company or major subsidiaries or the allottee anticipated as of the payment date of the Third-Party Allotment, are antisocial forces, etc. or have any relations with antisocial forces, etc., [and subsequently received investigation results to the effect that no such relations could be confirmed.] Shionogi thus judged that neither the allottee, nor its officers, nor persons who are substantially involved in management of the allottee have any relations whatsoever with antisocial forces, etc., and Shionogi submitted a letter of confirmation to this effect to the Tokyo Stock Exchange.

3.) Exchange rates are based on the interim rate of JPY 100 = RMB 6.4086 as of December 31, 2019, as announced by the Bank of China.

(2) Reasons for Selecting the Allottee

Regarding the reasons for selecting the Allottee, please refer to the above “I. Outline of the Capital and Business Alliance 1. Purposes of and Reasons for the Capital and Business Alliance.”

(3) Holding Policy of the Allottee

Shionogi has received an explanation from Ping An Life, the planned allottee of the Third-Party Allotment, to the effect that, in principle, it intends to hold the shares of common stock of Shionogi it will acquire through the Third-Party Allotment over the long term.

Shionogi plans to acquire from the allottee before the payment date a written commitment agreeing that if the allottee assigns all or any of the shares of common stock of Shionogi acquired in the Third-Party Allotment in the two years after the payment date, the allottee will immediately report the details to Shionogi in writing, Shionogi will report the contents of the report to the Tokyo Stock Exchange in writing, and the contents of the report will be made available to the public.

(4) Confirmation of the Property Required for the Payment by the Allottee

Shionogi received a verbal explanation from Ping An Life, the allottee of the Third-Party Allotment, to the effect that it has the funds required to pay the amount to be paid in the Third-Party Allotment.

Shionogi also confirmed that Ping An Life has sufficient funds required for the payment of the disposal of treasury shares concerning the Third-Party Allotment by reviewing the status of the total assets, net assets and deposit balance, etc. of Ping An Life described in the latest Financial Statements (January to September, 2019) of Ping An Life.

7. Major Shareholders and Shareholding Ratios After the Third-Party Allotment

Before the Third-Party Allotment (as of September 30, 2019)		After the Third-Party Allotment	
Name	Shareholding Ratio	Name	Shareholding Ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	11.72%	The Master Trust Bank of Japan, Ltd. (Trust Account)	11.76%
Japan Trustee Services Bank, Ltd. (Trust Account)	6.28%	Japan Trustee Services Bank, Ltd. (Trust Account)	6.31%
Sumitomo Life Insurance Company	5.97%	Sumitomo Life Insurance Company	5.99%
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	3.04%	SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	3.05%
Nippon Life Insurance Company	2.70%	Nippon Life Insurance Company	2.71%
BNYM TREATY DTT 15 (Standing proxy: MUFG Bank Ltd.)	2.44%	BNYM TREATY DTT 15 (Standing proxy: MUFG Bank Ltd.)	2.45%
Japan Trustee Services Bank, Ltd. (Trust Account 7)	1.92%	BANK OF CHINA (HK) LIMITED - CUSTODY ACCOUNT	2.04%

		(Standing Representative Citibank NA Tokyo Branch)(Note 1)	
JP MORGAN CHASE BANK 380055 (Standing Proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	1.81%	Japan Trustee Services Bank, Ltd. (Trust Account 7)	1.93%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.66%	JP MORGAN CHASE BANK 380055 (Standing Proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	1.82%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.64%	Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.67%

(Notes)

1.) Shionogi received a report from Ping An Insurance, which is the counterparty in the Capital and Business Alliance, stating that it plans to entrust the 6,356,000 shares of stock to be held by Ping An Life as a result of the Third-Party Allotment to the BANK OF CHINA (HK) LIMITED - CUSTODY ACCOUNT, and that the right to instruct on the exercise of voting rights will be reserved by China Asset Management (Hong Kong) Company Limited, Ping An Life's investment manager.

2.) The above description is based on the Shareholders' Registry as of September 30, 2019.

3.) The shareholding percentages are calculated based on the total number of shares issued (excluding treasury shares) (truncated to the second decimal place).

4.) The shareholding percentages after the Third-Party Allotment are calculated based on 310,141,331 shares, the total number of issued shares as of March 30, 2020 (excluding treasury shares), determined as follows; 311,404,677 shares, the total number of issued shares as of September 30, 2019 (excluding treasury shares), less 7,792,500 treasury shares acquired from October 1, 2019 to February 27, 2020, plus 173,154 shares converted upon expiration of Euro-yen denominated convertible bonds maturing in 2019 and 6,356,000 shares increased in the number of shares as a result of the Third-Party Allotment.

8. Future Prospects

Please refer to "I. Outline of the Capital and Business Alliance 5. Future Prospects" above.

9. Matters Relating to Procedures Based on the Code of Conduct of Corporations

The Third-Party Allotment does not require an opinion to be obtained from independent third parties or any procedure to confirm the intent of shareholders as stipulated in Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange because (i) the dilution ratio is less than 25%, and (ii) it does not involve a change of controlling shareholder.

10. Business Performance and Equity Finance in the Past Three Fiscal Years

(1) Business Performance in the Past Three Fiscal Years (Consolidated)

(Unit: JPY million, unless otherwise specified)

	FY Ended March 2017	FY Ended March 2018	FY Ended March 2019
Net Sales	338,890	344,667	363,721
Operating Income	108,178	115,219	138,537
Ordinary Income	123,031	138,692	166,575
Profit Attributable to Owners of Parent (Net Loss)	83,879	108,866	132,759
Net Income per Share (Net Loss) (yen)	259.88	342.71	424.31
Dividend per Share (yen)	72.00	82.00	94.00
Net Assets per Share (yen)	1,638.46	1,911.36	2,144.33

(2) Current Number of Issued Shares and Dilutive Shares (as of September 30, 2019)

	Number of Shares	Ratio to Total Number of Issued Shares
Total number of issued shares	316,786,165	100%
Number of dilutive shares at current conversion price (exercise price)	366,574	0.12%
Number of dilutive shares at minimum conversion price (exercise price)	-	-
Number of dilutive shares at maximum conversion price (exercise price)	-	-

(Note)

1.) The number of dilutive shares shown above is due to the stock options and Euro-yen denominated convertible bonds maturing in 2019 (as of September 30, 2019).

2.) Shionogi has resolved the issuance of stock options as compensation (stock acquisition rights) at its Board of Directors' Meetings on Friday, June 24, 2011, Wednesday, June 27, 2012, Wednesday, June 26, 2013, Wednesday, June 25, 2014, Wednesday, June 24, 2015, Thursday, June 23, 2016, and Thursday, June 22, 2017. Please refer to respective news releases, "Shionogi to Issue of Stock Options as Compensation (Stock Acquisition Rights) to Members of Board of Directors" for details.

(3) Recent Stock Prices

(i) Stock Prices in the Past Three Fiscal Years

	FY Ended March 2017	FY Ended March 2018	FY Ended March 2019
Opening	JPY 5,281	JPY 5,795	JPY 5,480
High	JPY 6,304	JPY 6,465	JPY 7,796
Low	JPY 4,537	JPY 5,200	JPY 5,361
Closing	JPY 5,748	JPY 5,491	JPY 6,852

(ii) Stock Prices in the Past Six Months (September 2019 to February 2020)

	September	October	November	December	January	February
Opening	JPY 5,675	JPY 6,061	JPY 6,455	JPY 6,475	JPY 6,632	JPY 6,572
High	JPY 6,046	JPY 6,541	JPY 6,554	JPY 6,937	JPY 7,133	JPY 6,796
Low	JPY 5,618	JPY 5,848	JPY 6,162	JPY 6,336	JPY 6,530	JPY 5,793
Closing	JPY 5,999	JPY 6,518	JPY 6,438	JPY 6,767	JPY 6,565	JPY 5,845

(iii) Stock Price on the Business Day Immediately Preceding the Date of the Resolution on Issuance

	March 27, 2020
Opening	JPY 5,054
High	JPY 5,276
Low	JPY 4,985
Closing	JPY 5,276

(4) Equity Finance in the Past Three Fiscal Years

Not applicable

11. Terms and Conditions of Disposal

(1) Class and Number of Shares for Subscription	6,356,000 shares of Shionogi's common stock
(2) Amount to Be Paid	JPY 5,276 per share
(3) Total Amount to Be Paid	JPY 33,534,256,000
(4) Method of Allotment	By way of third-party allotment
(5) Allottee	Ping An Life
(6) Period of Payment	From July 1, 2020 to July 31, 2020
(7) Others	Each of the items above shall be conditional upon the securities registration statement filed under the Financial Instruments and Exchange Act of Japan becoming effective.

Press Release

About Shionogi

Shionogi & Co., Ltd. is a Japanese major research-driven pharmaceutical company dedicated to bringing benefits to patients based on its corporate philosophy of “supplying the best possible medicine to protect the health and wellbeing of the patients we serve.” The company currently markets products in several therapeutic areas including anti-infectives, pain, cardiovascular diseases, and gastroenterology. Our pipeline is focused on infectious disease, pain, CNS, and oncology. For more information on Shionogi & Co., Ltd., visit www.shionogi.co.jp/en.

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, unavailability 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.

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