

Notice Regarding Changes of Cancellation of Treasury Shares

(Cancellation of treasury shares pursuant to the provisions of Article 178 of the Companies Act)

Osaka, Japan, January 31, 2019 - Shionogi & Co., Ltd. (Head Office: Osaka; President & CEO: Isao Teshirogi, Ph.D.; hereafter “Shionogi”) resolved at a meeting of the Board of Directors held on July 30, 2018 to cancel treasury shares pursuant to the provisions of Article 178 of Companies Act. However, Shionogi resolved at a meeting of the Board of Directors held on January 31, 2019 to change matters pertaining to cancellation, as described below.

1. Matters pertaining to the cancellation of treasury shares and changes

The matters pertaining to the cancellation and changes are as follows.

	Before Change	After Change (changes underlined)
(1) Class of shares to be cancelled	Common stock of the Company	Common stock of the Company
(2) Total number of shares to be cancelled	9,000,000 shares	<u>7,350,000 shares</u>
(3) Scheduled date of cancellation	January 31, 2019 (scheduled)	<u>February 20, 2019 (scheduled)</u>

2. Reasons for changes

Shionogi resolved to cancel 9,000,000 treasury shares because the number of treasury shares owned was expected to exceed 5% of the total number of issued stocks due to the acquisition of treasury shares resolved on July 30, 2018. After that, the number of treasury stocks owned turned out to be smaller than expected because the final number of shares acquired was smaller than expected due to favorable stock price transition during the treasury share acquisition period (7,350,400 shares) and treasury share contribution progressed due to conversion of Euro-yen denominated convertible bonds maturing in 2019.

In recent years, Shionogi has held treasury shares of approximately 3%, however, it has decided to change the number of shares to be canceled to the number of shares acquired this time to secure flexibility of the capital in the future. As a result, the ownership rate of treasury shares will be 1.8%. We will continue to hold treasury shares of approximately 2% and secure flexibility of the capital, and also, we would like to further contribute to the improvement of our corporate value.

(Reference)

Treasury stockholding as of March 31, 2018

Total number of shares issued (excluding treasury stock)	310,941,513 shares
Number of shares of treasury stock	13,194,652 shares

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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