

Shionogi Announces Results of Tender Offer for Certificate of Shares, Etc. in UMN Pharma Inc. (Securities Code: 4585) and Changes in a Subsidiary

Osaka, Japan, December 13, 2019 – Shionogi & Co., Ltd. (headquartered in Chuo-ku, Osaka City; Isao Teshirogi, President and CEO; the “Offeror”) passed a resolution, at its Board of Directors meeting held on October 30, 2019, to acquire through a tender offer (the “Tender Offer”) common shares (“Target Company Shares”) and Share Options (“Share Options” and the names of relevant different series of share options are defined in “(3) Classes of Share Certificates, etc. subject to the Tender Offer” under “1. Outline of the Tender Offer” of “I. Results of the Tender Offer” below) in UMN Pharma Inc. (headquartered in Goshonoyumoto, Akita City, Akita; Tatsuyoshi Hirano, Chairman & CEO; the “Target Company”), and conducted the Tender Offer starting from October 31, 2019 and completed the same on December 12, 2019, with results as described below.

The Offeror also announces that, as a result of the Tender Offer, the Target Company will become a consolidated subsidiary of the Offeror on December 19, 2019 (i.e., the date of commencement of payment for the Tender Offer).

I. Results of the Tender Offer

1. Outline of the Tender Offer

(1) Name and address of the Offeror

Shionogi & Co., Ltd.
1-8, Doshomachi 3-chome, Chuo-ku, Osaka City, Osaka

(2) Name of the Target Company

UMN Pharma Inc.

(3) Class of Share Certificates, etc. subject to the Tender Offer

(A) Common shares

(B) Share options

- a) The share options issued pursuant to a resolution of the Target Company’s Board of Directors meeting held on March 29, 2010 (the “11th Series of Share Options”) (whose exercise period is from January 27, 2012 to January 26, 2020)
- b) The share options issued pursuant to a resolution of the Target Company’s Board of Directors meeting held on July 16, 2010 (the “13th Series of Share Options”) (whose exercise period is from January 27, 2012 to January 26, 2020)
- c) The share options issued pursuant to a resolution of the Target Company’s Board of Directors meeting held on August 13, 2010 (the “14th Series of Share Options”) (whose exercise period is from January 27, 2012 to January 26, 2020)

- d) The share options issued pursuant to a resolution of the Target Company's Board of Directors meeting held on August 31, 2010 (the "15th Series of Share Options") (whose exercise period is from January 27, 2012 to January 26, 2020)
- e) The share options issued pursuant to a resolution of the Target Company's Board of Directors meeting held on April 13, 2018 (the "21st Series of Share Options") (whose exercise period is from April 14, 2020 to April 13, 2028)

Hereinafter the 11th Series of Share Options, the 13th Series of Share Options, the 14th Series of Share Options, the 15th Series of Share Options, and the 21st Series of Share Options are referred to collectively as the "Share Options."

(4) Number of Share Certificates, etc. to Be Purchased

Number of share certificates, etc. to be purchased	Minimum number of share certificates, etc. to be purchased	Maximum number of share certificates, etc. to be purchased
12,320,850 shares	6,322,000 shares	N/A

Note 1: If the total number of share certificates, etc. tendered to the Tender Offer ("Tendered Share Certificates, etc.") falls short of the minimum number of share certificates, etc. to be purchased (6,322,000 shares), the Offeror will purchase none of the Tendered Share Certificates, etc. If the total number of Tendered Share Certificates, etc. is at least the minimum number of share certificates, etc. to be purchased, the Offeror will purchase all of the Tendered Share Certificates, etc.

Note 2: Shares less than one unit are also eligible for the Tender Offer. If a right to demand purchase of shares less than one unit is exercised by a shareholder in accordance with the Companies Act (Act No. 86 of 2005, as amended), the Target Company may purchase its own shares during the period of the Tender Offer ("Tender Offer Period") in accordance with statutory procedures.

Note 3: The Offeror does not intend to acquire through the Tender Offer the treasury shares held by the Target Company.

Note 4: Since no maximum number of share certificates, etc. to be purchased has been set for the Tender Offer, the number of share certificates, etc. to be purchased stated above is the maximum number of share certificates, etc. of the Target Company that may be acquired by the Offeror through the Tender Offer. This maximum number (12,320,850 shares) is calculated as follows: (i) the total number of issued Target Company Shares as of September 30, 2019 stated in the Q3 Financial Statement (Japanese GAAP) (non-consolidated) for Y.E. December 2019 released on October 30, 2019 by the Target Company (the "Target Company's Financial Statement") (15,296,500 shares); plus (ii) the number of shares issued as a result of the Offeror's exercise of the share options attached to the 1st Series of Unsecured Convertible Bond-Type Bonds with Share Options held by the Offeror on October 3, 2019 (2,400,000 shares, with the sum being 17,696,500 shares); plus (iii) the number of Target Company Shares to be issued upon exercise of Share Options as of September 30, 2019 (124,400 shares); less (iv) the number of treasury shares held by the Target Company as of September 30, 2019 as stated in the Target Company's Financial Statement (50 shares) and the number of Target Company Shares held by the Offeror as of today (5,500,000 shares).

Note 5: Share Options may be exercised on or before the last day of the Tender Offer Period, in which case shares of the Target Company issued upon such exercise will be eligible to be tendered to the Tender Offer.

(5) Period of Tender Offer

(A) Period of Initial Tender Offer after Submission of Statement

From Thursday, October 31, 2019 to Thursday, December 12, 2019 (30 business days)

(B) Possibility of Extension at the Target Company's Request

Not applicable.

(6) Tender Offer Price

(A) 540 yen per share of common shares

(B) Share options

- a. 1 yen per 11th Series of Share Option
- b. 1 yen per 13th Series of Share Option
- c. 1 yen per 14th Series of Share Option
- d. 1 yen per 15th Series of Share Option
- e. 13,800 yen per the 21st Series of Share Option

2. Results of the Tender Offer

(1) Outcome of the Tender Offer

The Tender Offer was conditioned on the total number of Tendered Share Certificates, etc. being at least the minimum number of share certificates, etc. to be purchased (6,322,000 shares), below which none of the Tendered Share Certificates, etc. was to be purchased. Since the total number of Tendered Share Certificates, etc. (9,398,524 shares) was at least the minimum number of share certificates, etc. to be purchased (6,322,000 shares), the Offeror will purchase all of the Tendered Share Certificates, etc., as described in the Public Announcement of Commencement of Tender Offer (including the amendments and corrections made by the "In Association with Its Submission of an Amendment of Tender Offer Statement, Shionogi Announces ... Amendment of Its Corresponding Public Announcement of Commencement of Tender Offer, and Corrections" released on November 21, 2019) and the Tender Offer Statement (including the amendments made by the Amendment of Tender Offer Statement submitted on November 21, 2019).

(2) Date of Public Notice of Results of the Tender Offer and Name of Newspaper in Which Public Notice Was Published

The results of the Tender Offer were announced to the media through Tokyo Stock Exchange, Inc. ("TSE") on December 13, 2019, in the manner set forth in Article 9-4 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet order No. 321 of 1965, as amended) and Article 30-2 of the

Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer (Ordinance of the Ministry of Finance No. 38 of 1990, as amended thereafter; the “Cabinet Officer Order”), in accordance with the provisions of Article 27-13, paragraph 1 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended thereafter; the “Act”).

(3) Number of Share Certificates, etc. Purchased

Type of share certificates, etc.	(A) Number of Tendered Share Certificates, etc. converted into shares	(B) Number of purchased share certificates, etc. converted into shares
Share Certificates	9,277,924 shares	9,277,924 shares
Certificates of Share Options	120,600 shares	120,600 shares
Certificates of Bonds with Share Options	-	-
Trust Beneficiary Certificates for Share Certificates, etc. ()	-	-
Depository Receipts for Share Certificates, etc. ()	-	-
Total	9,398,524 shares	9,398,524 shares
(Total number of potential share certificates, etc.)	(120,600 shares)	(120,600 shares)

(4) Ownership Ratio of Share Certificates, etc. after the Tender Offer

Number of voting rights represented by share certificates, etc. held by the Offeror before the Tender Offer	55,000 voting rights	(Ownership ratio of share certificates, etc. before the Tender Offer: 30.86%)
Number of voting rights represented by share certificates, etc. held by special related parties before the Tender Offer	259 voting rights	(Ownership ratio of share certificates, etc. before the Tender Offer: 0.15%)
Number of voting rights represented by share certificates, etc. held by the Offeror after the Tender Offer	148,985 voting rights	(Ownership ratio of share certificates, etc. after the Tender Offer: 83.60%)
Number of voting rights represented by share certificates, etc. held by special related parties after the Tender	0 voting right	(Ownership ratio of share certificates, etc. after the Tender Offer: 0.00%)

Offer		
Number of voting rights of all shareholders of the Target Company	152,913 voting rights	

Note 1: The “Number of voting rights represented by share certificates, etc. held by special related parties before the Tender Offer” and the “Number of voting rights represented by share certificates, etc. held by special related parties after the Tender Offer” each represent the total number of voting rights represented by the share certificates, etc. held by special related parties (excluding those excluded from special related parties under Article 3, paragraph 2, item (i) of the Cabinet Office Order in the calculation of ownership ratio of share certificates, etc. under the items of paragraph 1 of Article 27-2 of the Act).

Note 2: The “Number of voting rights of all shareholders of the Target Company” represents the number of voting rights (on the basis of 100 shares for each unit of shares) of all shareholders as of June 30, 2019 stated in the 16th Fiscal Period Q3 Report submitted by the Target Company on November 14, 2019. However, since the Offeror exercised the share options attached to the 1st Series of Unsecured Convertible Bond-Type Bonds with Share Options on October 3, 2019, and since Share Options and shares less than one unit are also eligible for the Tender Offer, the denominator for the calculation of the “Ownership ratio of share certificates, etc. before the Tender Offer” and “Ownership ratio of share certificates, etc. after the Tender Offer” was the number of voting rights (178,208 voting rights) represented by the number of shares calculated as follows (17,820,850 shares): (i) the Total Number of Issued Target Company Shares as of October 30, 2019 (17,696,500 shares); plus (ii) the number of Target Company Shares to be issued upon exercise of Share Options as of September 30, 2019 (124,400 shares); less (iii) the number of treasury shares held by the Target Company as of September 30, 2019 as stated in the Target Company’s Financial Statements (50 shares).

Note 3: “Ownership ratio of share certificates, etc. before the Tender Offer” and “Ownership ratio of share certificates, etc. after the Tender Offer” have been rounded to two decimal places.

(5) Calculation in Case of Tender Offer on a Pro Rata Basis

Not applicable.

(6) Payment Method

(A) Name and Main Office Address of the Financial Instruments Business Operator, Bank, etc. Settling Payments for Purchase

Nomura Securities Co., Ltd.

1-9-1 Nihonbashi, Chuo-ku, Tokyo

(B) Date of Commencement of Payment

December 19 (Thursday), 2019

(C) Payment Method

Promptly after the expiration of the Tender Offer Period, notice of purchase through tender offer will be mailed to the address of each tendering shareholder, etc. (or such shareholder's standing agent in the case of a foreign shareholder, etc.).

Promptly after the expiration of the Tender Offer Period, notice of purchase through tender offer will be mailed to the address of each tendering shareholder, etc. (or such shareholder's standing agent in the case of a foreign shareholder, etc.).

3. Policies after the Tender Offer and Future Prospects

There are no changes to the policies after the Tender Offer, etc. described in the "Shionogi Announces Commencement of Tender Offer for Certificates of Shares, Etc. in UMN Pharma Inc. (Securities Code: 4585)" released by the Offeror on October 30, 2019 (including the amendments and corrections made by "Amendments: In Association with Its Submission of an Amendment of Tender Offer Statement, Shionogi Announces: (1) Partial Amendment of Its Press Release Entitled "Shionogi Announces Commencement of Tender Offer for Certificates of Shares, Etc. in UMN Pharma Inc. (Securities Code: 4585)" and (2) Amendment of Its Corresponding Public Announcement of Commencement of Tender Offer, and Corrections" released on November 21, 2019).

The Target Company Shares are listed on the Mothers market of TSE as of today. However, the Offeror intends to follow a series of procedures in order to acquire all of the Target Company Shares (including the Target Company Shares to be issued upon exercise of the Share Options and excluding the Target Company Shares held by the Offeror and the treasury shares held by the Target Company) and the Share Options. If such procedures are followed, the Target Company Shares will be delisted through the prescribed procedures in accordance with the TSE's delisting criteria. The specific procedures to be followed in the future will be announced by the Target Company promptly once decided.

4. Places Where Copies of the Tender Offer Report Are Made Available for Public Inspection

Shionogi & Co., Ltd.

(1-8, Doshomachi 3-chome, Chuo-ku, Osaka City, Osaka)

Tokyo Stock Exchange, Inc.

(2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

II. Changes in a Subsidiary

1. Reason for the Changes

As a result of the Tender Offer, the Target Company will become a consolidated subsidiary of the Offeror on December 19, 2019 (i.e., the date of commencement of payment for the Tender Offer).

2. Outline of the Subsidiary Undergoing Changes (the Target Company)

(A)	Name	UMN Pharma Inc.		
(B)	Address	4-2-3, Goshonoyumoto, Akita City, Akita		
(C)	Title and Name of Representative	Tatsuyoshi Hirano, Chairman & CEO		
(D)	Description of Business	Research, development, manufacture, and marketing of biopharmaceuticals		
(E)	Capital	679 million yen (as of September 30,2019)		
(F)	Date of Establishment	April 20, 2004		
(G)	Major Shareholders and Shareholding Ratios (as of June 30, 2019)	Shionogi & Co., Ltd.		20.27%
		Rakuten Securities, Inc.		1.68%
		SBI SECURITIES Co., Ltd.		1.34%
		Masashi Toyota		0.80%
		Keiji Okuwa		0.65%
		JAPAN SECURITIES FINANCE CO., LTD.		0.56%
		Kimiko Sawada		0.48%
		Nomura Securities Co., Ltd.		0.34%
		Hiroshi Takanashi		0.33%
		Yoshihiko Yamada		0.31%
(H) Relationship between Offeror and Target Company				
	Capital Relationship	As of today, the Offeror holds 5,500,000 Target Company Shares (Note 1) which represent 31.08% of the total issued shares of the Target Company (17,696,500 shares)		
	Personnel Relationship	Not applicable.		
	Business Relationship	Jointly with the Target Company, the Offeror has pursued basic technology improvement and basic research for drug development.		
	Status as Related Party	The Target Company is a related party to the Offeror since the Offeror has made the Target Company an affiliated company of the Offeror.		
(I) Operating results and financial position for the past three years (in thousands of yen, unless otherwise stated)				
	Accounting period	Fiscal period ended December 2016	Fiscal period ended December 2017	Fiscal period ended December 2018

Net worth	208,786	357,437	382,134
Total assets	694,355	1,891,244	1,177,373
Net worth per share (in yen)	16.82	27.93	24.43
Net sales	52,561	104,050	103,610
Operating loss	-552,051	-498,127	-606,770
Ordinary loss	-480,912	-158,422	-609,796
Net loss	-8,344,420	-159,059	-728,736
Net loss per share (in yen)	-804.39	-12.96	-55.12
Dividend per share (in yen)	-	-	-

Note 1: The Offeror acquired 2,400,000 Target Company Shares by exercising, on October 3, 2019, all of the share options attached to the 1st Series of Unsecured Convertible Bond-Type Bonds with Share Options held by the Offeror and, as of today, the Offeror holds 5,500,000 Target Company Shares.

Note 2: While the Target Company's financial statements for the fiscal period ended December 2016 were prepared on a consolidated basis, those for the fiscal periods ended December 2017 and thereafter were prepared on a non-consolidated basis. For this reason, the figures in the column for the fiscal period ended December 2016 under the heading, "(I) Operating results and financial position for the past three years" in the above table have been calculated to represent values on a non-consolidated basis.

3. Number of Shares Purchased, Purchase Prices, and Status of Shareholding before and after Purchase

(A) Number of shares held before the changes	Common shares: 5,500,000 shares (Number of voting rights: 55,000 voting rights) (Ownership ratio of voting rights: 30.86%)
(B) Number of shares purchased	Common shares: 9,277,924 shares 11th Series of Share Options: 50 share options 13th Series of Share Options: 4 share options 14th Series of Share Options: 9 share options 15th Series of Share Options: 10 share options 21st Series of Share Options: 841 share options (Number of voting rights: 93,985 voting rights) (Ownership ratio of voting rights: 52.74%)
(C) Purchase prices	Common shares, 11th Series of Share Options, 13th Series of Share Options, 14th Series of Share Option, 15th Series of Share Options, and 21st Series of Share Options: 5,021,684,833 yen
(D) Number of shares held after the changes	Common shares: 14,777,924 shares 11th Series of Share Options: 50 share options 13th Series of Share Options: 4 share options 14th Series of Share Options: 9 share options 15th Series of Share Options: 10 share options

	21st Series of Share Options: 841 share options (Number of voting rights: 148,985 voting rights) (Ownership ratio of voting rights: 83.60%)
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- Note 1: The “Number of voting rights” under the heading “(B) Number of shares purchased” and that under the heading “(D) Number of shares held after the changes” each represent the number of voting rights represented by: (i) the number of Target Company Shares (i.e., (B) Number of shares purchased: 9,277,924 shares; and (D) Number of shares held after the changes: 14,777,924 shares); plus (ii) the number of Target Company Shares to be issued upon exercise of the Share Options (i.e., (B) Number of shares purchased: 120,600 shares; and (D) Number of shares held after the changes: 120,600 shares).
- Note 2: The denominator for the calculation of the “Ownership ratio of voting rights” was the number of voting rights (178,208 voting rights) represented by the number of shares calculated as follows (17,820,850 shares): (i) the Total Number of Issued Target Company Shares as of October 30, 2019 (17,696,500 shares); plus (ii) the number of Target Company Shares to be issued upon exercise of Share Options as of September 30, 2019 (124,400 shares); less (iii) the number of treasury shares held by the Target Company as of September 30, 2019 as stated in the Target Company’s Financial Statements (50 shares).
- Note 3: The “Ownership ratio of voting rights” has been rounded to two decimal places.
- Note 4: The “purchase prices” do not include advisory fees, etc.

4. Intended Date of the Changes

Thursday, December 19, 2019 (i.e., the date of commencement of payment for the Tender Offer)

5. Future Prospects

While the Offeror expects at this time that the changes in the subsidiary resulting from the Tender Offer will only have minor effects on the Offeror’s current consolidated results of operations, the Offeror will conduct further analysis depending on the situation.

End

For Further Information, Contact:

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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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