# Sosei Announces Issuance of New Shares and Convertible Bonds

**Tokyo, Japan – 30 June 2020:** Sosei Group Corporation ("Sosei"; TSE Mothers Index: 4565) today announces that its Board of Directors resolved on 30 June 2020 to issue new shares and euro-yen denominated convertible bonds due 2025, each in an international offering as set forth below (together, the "**International Offerings**") as part of its strategy to prepare for any future acquisitions or investments that complement and enhance its business, while at the same time lowering its funding costs and diversifying its funding sources.

## 1. Use of Proceeds

The aggregate net proceeds of up to approximately ¥23.6 billion (US$220 million[1]) from the International Offerings are expected to be applied as follows:

- approximately ¥21.2 billion (US$198 million) to be applied by the end of June 2023 towards strategic growth initiatives including: funding acquisitions, or investments in companies or technologies that complement its business; expanding drug candidate discovery and early development; and potentially in-licensing pipeline products for the Japanese market
- approximately ¥2.4 billion (US$22 million) to be applied by the end of June 2023 towards organic growth initiatives, including the cost of research and working capital

Until we use the net proceeds of the International Offerings, we intend to invest the funds in short-term, interest-bearing instruments.

## 2. Issuance of New Shares through an International Offering (the "Share Offering")

(1) Class and Number of Shares to be Offered

Up to 4,952,100 new shares of common stock of Sosei which are the sum of (i) and (ii) below.

(i) 3,301,400 new shares of common stock of Sosei to be underwritten and purchased by the Underwriters (as referred to in (4) below).

(ii) Up to 1,650,700 shares of common stock of Sosei which may be additionally underwritten and purchased by the Underwriters.

The number of shares to be additionally underwritten and purchased by the Underwriters as referred to in (ii) above will be determined on the Pricing Date (as defined below) based on investor demand for our shares and market conditions.

[1] All approximate US$ amounts converted at spot FX rate of US$1 to ¥107.21 as at 29 June 2020

This press release has been prepared for the sole purpose of publicly announcing the issuance of the New Shares and the Bonds, and not for the purpose of soliciting investment. No offer or sale of the New Shares or the Bonds will be made in Japan.

In addition, this press release is not an offer of securities for sale in the United States and nothing in this communication shall constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer or sale would be unlawful. The securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended (the "Securities Act"). The securities referred to herein have not been, and will not be registered under the Securities Act. If any public offering of securities is to be made in the United States, it will be by means of a prospectus prepared pursuant to the provisions of the Securities Act. Sosei does not intend to conduct a public offering of the New Shares or the Bonds in the United States.

As the offering in connection with the New Shares and the Bonds will be made outside Japan and only to non-residents of Japan, registrations or notifications under the Financial Instrument and Exchange Act of Japan (the "FIEA") will not be made, and a prospectus under the FIEA will not be prepared.

Note on translation
This is a summary translation of the original Japanese document and is provided for informational purpose only. If there are any discrepancies between this and the original, the original Japanese document prevails.

(2) Method of Pricing

The amount to be paid will be determined on a date falling in the period from 30 June 2020 to 1 July 2020 (the "Pricing Date") by a process equivalent to the bookbuilding process set out under Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association ("JSDA").

(3) Increases in the Amounts of Capital Stock and Capital Reserve

The amount of capital stock to be increased will be 1/2 of the maximum amount of capital stock increase as calculated in accordance with Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, with any fraction of less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of the capital reserve increase shall be the amount obtained by subtracting the amount of capital stock increase from the maximum amount of capital stock increase.

(4) Method of Offering

The Share Offering will be made in the overseas market (excluding the United States) mainly in Europe and Asia. The aggregate number of new shares indicated in (1) above will be purchased by the underwriters of the transaction (the "Underwriters"). Depending on investor demand for our shares and market conditions, the Underwriters may underwrite and purchase an additional amount of shares up to the amount specified in (1)(ii) above.

The issue price (offer price) with regard to the Share Offering will be determined based on the provisional range calculated by multiplying the closing price of regular trading of the common stock of Sosei on the Tokyo Stock Exchange on the Pricing Date (or, if no closing price is quoted on that date, the closing price of the immediately preceding date) by 0.90 ~ 1.00 (with any fraction less than one yen being rounded down), by a process equivalent to the bookbuilding process set out under Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by JSDA, taking into account market demand and other conditions.

(5) Consideration to be paid to the Underwriters

Sosei will not pay any underwriting fees to the Underwriters. Instead, the aggregate amount of the difference between (a) the issue price (offer price) in the Share Offering and (b) the amount to be paid to Sosei by the Underwriters will be retained by the Underwriters.

(6) Closing Date

16 July 2020

This press release has been prepared for the sole purpose of publicly announcing the issuance of the New Shares and the Bonds, and not for the purpose of soliciting investment. No offer or sale of the New Shares or the Bonds will be made in Japan.

In addition, this press release is not an offer of securities for sale in the United States and nothing in this communication shall constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer or sale would be unlawful. The securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended (the “Securities Act”). The securities referred to herein have not been, and will not be registered under the Securities Act. If any public offering of securities is to be made in the United States, it will be by means of a prospectus prepared pursuant to the provisions of the Securities Act. Sosei does not intend to conduct a public offering of the New Shares or the Bonds in the United States.

As the offering in connection with the New Shares and the Bonds will be made outside Japan and only to non-residents of Japan, registrations or notifications under the Financial Instrument and Exchange Act of Japan (the “FIEA”) will not be made, and a prospectus under the FIEA will not be prepared.

Note on translation
This is a summary translation of the original Japanese document and is provided for informational purpose only. If there are any discrepancies between this and the original, the original Japanese document prevails.

(7) Subscription Unit

100 shares

(8) The amount to be paid, the amount of increase in capital stock and capital reserve, the issue price (offer price), the number of additional shares to be underwritten and purchased by the Underwriters up to the amount specified in 1(2) above and any other matters necessary for the issuance of new shares by way of Share Offering shall be determined at the discretion of the Representative Executive Officer of Sosei.

**3. Issuance of Euro-yen Denominated Convertible Bonds due 2025 through an International Offering (the "Bond Offering")**

(1) Bonds to be Offered

Sosei Group Corporation Euro-yen Denominated Convertible Bonds due 2025 (the "Bonds"; the stock acquisition rights incorporated therein shall be referred to as the "Stock Acquisition Rights").

(2) Issue Price

100.0% of par value (each Bond shall have a denomination of ¥10,000,000).

(3) Amount to be Paid Upon Exercise of a Stock Acquisition Right

No cash amount will be payable upon exercise of a Stock Acquisition Right

(4) Closing Date and Issue Date

16 July 2020 (London time)

(5) Particulars of the Stock Acquisition Rights

The Stock Acquisition Rights are exercisable for shares of common stock of Sosei. Upon exercise, the number of shares to be delivered to the exercising bondholder shall be determined by dividing the aggregate principal amount of the bonds subject to the relevant exercise notice, by the conversion price then in effect.

(6) Particulars of the Offering

(i) Method of Offering

The Bond Offering will be underwritten by the Underwriters and will be conducted in the overseas market (excluding the United States) mainly in Europe and Asia.

This press release has been prepared for the sole purpose of publicly announcing the issuance of the New Shares and the Bonds, and not for the purpose of soliciting investment. No offer or sale of the New Shares or the Bonds will be made in Japan.

In addition, this press release is not an offer of securities for sale in the United States and nothing in this communication shall constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer or sale would be unlawful. The securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended (the "Securities Act"). The securities referred to herein have not been, and will not be registered under the Securities Act. If any public offering of securities is to be made in the United States, it will be by means of a prospectus prepared pursuant to the provisions of the Securities Act. Sosei does not intend to conduct a public offering of the New Shares or the Bonds in the United States.

As the offering in connection with the New Shares and the Bonds will be made outside Japan and only to non-residents of Japan, registrations or notifications under the Financial Instrument and Exchange Act of Japan (the "FIEA") will not be made, and a prospectus under the FIEA will not be prepared.

Note on translation
This is a summary translation of the original Japanese document and is provided for informational purpose only. If there are any discrepancies between this and the original, the original Japanese document prevails.

(ii) Offer Price

102.5% of par value

(7) Particulars of the Bonds

(i) Aggregate Principal Amount of the Bonds

¥16,000,000,000 (approximately US$149 million)

(ii) Interest Rate

The interest rate on the Bonds shall be determined by the Representative Executive Officer of Sosei under authority delegated by our Board of Directors taking into account investor demand and market conditions, provided that the interest rate shall be no less than 0.1% and no more than 0.5% per annum.

Interest on the Bonds is payable semi-annually in arrear on 16 January and 16 July in each year.

(iii) Maturity

The Bonds will be redeemed at 100% of their principal amount on 16 July 2025.

(iv) Early Redemption

The Bonds may be redeemed prior to maturity upon, among other things, increased share prices and investor put.

(For Reference)

Change in Number of Outstanding Shares as a Result of Share Offering

Total Number of Outstanding Shares (as of 31 May 2020): 77,195,750 shares

Increase in Number of Shares as a Result of the Share Offering: 4,952,100 shares

Total Number of Outstanding Shares after the Share Offering: 82,147,850 shares

Note: These figures assume that the Underwriters underwrite and purchase up to the maximum of 1,650,700 shares as may be additionally underwritten and purchased depending on investor demand for our shares and market conditions, as described in (1)(ii) of "2. Issuance of New Shares through an International Offering" above.

This press release has been prepared for the sole purpose of publicly announcing the issuance of the New Shares and the Bonds, and not for the purpose of soliciting investment. No offer or sale of the New Shares or the Bonds will be made in Japan.

In addition, this press release is not an offer of securities for sale in the United States and nothing in this communication shall constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer or sale would be unlawful. The securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended (the “Securities Act”). The securities referred to herein have not been, and will not be registered under the Securities Act. If any public offering of securities is to be made in the United States, it will be by means of a prospectus prepared pursuant to the provisions of the Securities Act. Sosei does not intend to conduct a public offering of the New Shares or the Bonds in the United States.

As the offering in connection with the New Shares and the Bonds will be made outside Japan and only to non-residents of Japan, registrations or notifications under the Financial Instrument and Exchange Act of Japan (the “FIEA”) will not be made, and a prospectus under the FIEA will not be prepared.

Note on translation
This is a summary translation of the original Japanese document and is provided for informational purpose only. If there are any discrepancies between this and the original, the original Japanese document prevails.