

Notice of Issuance of New Shares Under the Performance Share Unit (PSU) Plan and the Restricted Stock Unit (RSU) Plan

Tokyo, Japan and Cambridge, UK, 20 April 2022 – Sosei Group Corporation (“the Company”; TSE: 4565) announces that a resolution to issue new shares (“the Share Issuance”) under the Performance Share Unit (“PSU”) Plan and the Restricted Stock Unit (“RSU”) Plan was adopted at the Board of Directors meeting held today as follows.

1. Details of Issuance

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| (1) Payment date | PSU 23 May 2022 13th RSU 18 May 2023 14th RSU 16 May 2024 15th RSU 15 May 2025 |
| (2) Type and number of shares to be issued | 722,259 shares of the Company’s common stock (14th and 15th are planned number of shares) (Breakdown) PSU 19,643 shares 13th RSU 93,930 shares 14th RSU 304,343 shares (planned) 15th RSU 304,343 shares (planned) |
| (3) Payment amount | PSU and 13th RSU: 1,313 Yen per share 14th and 15th RSU: the Representative Executive Officer will decide the payment amount hereafter |
| (4) Total issue value | PSU and 13th RSU: 149,121,349 Yen 14th and 15th RSU: the Representative Executive Officer will decide the total issue value hereafter |
| (5) Planned Allottees | PSU 10 Directors, Executive Officers and Eligible Employees of the Company and its wholly owned subsidiaries 13th RSU 93,930 shares will be allotted among 7 Directors of the Company (excluding Directors who serve as Executive Officers concurrently) 14th RSU 6 Executive Officers of the Company 193 Directors of subsidiaries of the Company and Employees of the Company and its subsidiaries 304,343 shares to be allotted (planned) |

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| | <p>15th RSU 6 Executive Officers of the Company 193 Directors of subsidiaries of the Company and Employees of the Company and its subsidiaries 304,343 shares to be allotted (planned)</p> |
| (6) Other details | <p>The Share Issuance shall be subject to becoming effective of the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Act.</p> <p>The number of shares planned to be allotted for the 14th and 15th RSU is subject to change by the decision of the Representative Executive Officer.</p> |

2. Objectives of and Rationale for the Issuance

In FY2019, the Company introduced the PSU Plan and the RSU Plan with the intention to increase the motivation and drive of the Directors, the Executive Officers and the Eligible Employees of the Company and its wholly owned subsidiaries (“Executives and Employees”) to realize the Company’s vision and strategy. The Plan has also been designed to share the benefits and risks of share price fluctuations with shareholders, and further encourage the Executives and Employees of the Company and its wholly owned subsidiaries to actively contribute to the increase of the share price and enhance the Company’s corporate value.

The Share Issuance is to be executed under the resolution by the Board of Directors meeting of the Company held on 20 April 2022 as part of the compensation for FY2022 under the PSU Plan and the RSU Plan, on the condition that the Executives and Employees hold the position of Executive or Employee during the specified period (“Relevant Performance Period”) relating to the PSU and the 13th to 15th RSU listed in the table below.

| | Persons Eligible for Allotment | Allotment number | Payment amount | Relevant Performance Period |
|----------|--|------------------|-----------------|--|
| PSU | 10 Directors, Executive Officers and Eligible Employees of the Company and its wholly owned subsidiaries | 19,643 shares | 25,791,259 Yen | For the length of service between 1 April 2019 to 28 February 2022 |
| 13th RSU | 7 Directors of the Company (excluding Directors who serve as Executive | 93,930 shares | 123,330,090 Yen | For the length of service between 1 April 2022 to 31 March 2023 |

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| | Officers concurrently) | | | |
| 14th RSU | 6 Executive Officers of the Company 193 Directors of subsidiaries of the Company and Employees of the Company and its subsidiaries | 304,343 shares (Planned) | 399,602,359 Yen (Note) | For the length of service between 1 April 2022 to 31 March 2024 |
| 15th RSU | 6 Executive Officers of the Company 193 Directors of subsidiaries of the Company and Employees of the Company and its subsidiaries | 304,343 shares (Planned) | 399,602,359 Yen (Note) | For the length of service between 1 April 2022 to 31 March 2025 |

(Note) Payment amount for 14th RSU and 15th RSU is estimated amount at the time of submission of this Press Release “Notice of Issuance of New Shares Under the Performance Share Unit (PSU) Plan and the Restricted Stock Unit (RSU) Plan.” Actual payment amount is an amount obtained by multiplying the allotted number of shares by the payment amount per share which is determined by the Representative Executive Officer as of the Date of Determination as stated (ii) below.

The Company’s Board of Directors determined the number of shares to be allotted and the payment amount per share relating to the PSU and the 13th RSU as follows and entrusted the Representative Executive Officer with the determination of the number of shares to be allotted and the payment amount per share relating to the 14th and 15th RSU.

(i) PSU and 13th RSU

The number of shares to be allotted has been determined by the resolution at the Company’s Board of Directors meeting held on 20 April 2022.

The payment amount per share has been determined by the resolution of the Company’s Board of Directors meeting as at the closing price of the Company’s shares on the Tokyo Stock Exchange as of the business day immediately preceding the date of the resolution (19 April 2022).

The payment amount is at the market share price immediately preceding the date of the resolution of the Company’s Board of Directors, so that the Company considers that it is issuing shares at a fair value.

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(ii) 14th and 15th RSU

Allotment relating to the 14th and 15th RSU will be executed in 2024 and 2025, and the determination of the number of shares to be allotted and the payment amount per share has been entrusted with the Representative Executive Officer by the resolution of the Company's Board of Directors meeting held on 20 April 2022.

The number of shares to be allotted will be determined by a decision made by the Representative Executive Officer as of the day determined by the Board of Directors for each RSU (the "Date of Determination") pursuant to the aforementioned entrustment. Accordingly, the aforementioned total allotment of 608,686 shares relating to the 14th and 15th RSU may be changed as a result of a decision made by Representative Executive Officer. The payment amount per share will be determined by the Representative Executive Officer pursuant to the aforementioned entrustment on the Date of Determination as at the closing price of the Company's shares on the Tokyo Stock Exchange on the day immediately prior to the Date of Determination (if no closing price is quoted, the closing price of the immediately preceding trading date to such business day).

The payment amount per share is at the market share price immediately preceding the Date of the Determination by Representative Executive Officer, so the Company considers that it is issuing shares at a fair value.

(*) The Date of Determination for each of the 14th and 15th RSU is as follows.

14th RSU: 17 April 2024

15th RSU: 16 April 2025

The contents of the RSU Plan and the PSU Plan are states below.

<Overview of the RSU Plan>

(1) Conditions of Allotment

The Company will allot shares of the Company according to the predefined method to the Executives and Employees on the condition that they hold the position of Executive or Employee, there has been no notice of resignation, dismissal, or the like, and they are not subject to any disciplinary proceedings during the predefined Relevant Performance Period.

(2) Maximum number of our Shares to be issued under the RSU Plan

The number of Shares to be issued under the RSU Plan including the number of Shares to be issued under the 16th RSU and thereafter as well as other stock-based compensation plan of the Company will not exceed 10% of our total number of outstanding shares.

(3) Method to deliver the Company's shares

Under the RSU Plan, the Company will deliver the Company's common shares to Executives and Employees following the end of the predefined Relevant Performance Period, and the share issuance will be made in return for provision as contribution in kind of monetary compensation

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claims against the Company granted to the Executives and Employees of the Company and its wholly owned subsidiaries as the Planned Allottees.

The amount of monetary compensation claims granted to each person eligible for allotment will be the amount obtained by multiplying the aforementioned payment amount per share by the predefined number of allotted shares which is determined by taking into account the degree of contribution to the Company, etc., of each person eligible for allotment.

(4) Grounds for Forfeiture

If during their Relevant Performance Period, an Executive or Employee falls under certain specified circumstances, such as being subject to criminal punishment equivalent to or more severe than imprisonment or being subject to a filing for the commencement of insolvency proceedings or civil rehabilitation proceedings, etc., that Executive or Employee will not obtain any right to be allotted Company shares under the RSU Plan and their rights to receive Company Shares will be extinguished at the time such circumstances in question occurs.

(5) Treatment in Cases of Reorganization or Change of Control Transactions

If during a Relevant Performance Period a general meeting of shareholders, etc. of the Company approves a transaction involving a reorganization or a change of control, such as a merger agreement in which the Company is the dissolved entity or a share exchange agreement or share transfer agreement under which the Company becomes a wholly owned subsidiary and that transaction becomes effective before the completion of the Relevant Performance Period, the Company will, by resolution of the Board of Directors, allot the maximum number of shares prior to the reorganization transaction coming into effect.

The Relevant Performance Period under the RSU Plan is one year for Directors, and two and three years for Executive Officers of the Company, Directors of subsidiaries of the Company and Employees of the Company and its subsidiaries.

To Directors, all of the allotment shares are to be allotted after one year and, to Executive Officers of the Company, Directors of subsidiaries of the Company and Employees of the Company and its subsidiaries, half of the allotment shares are to be allotted after two years and the remaining half after three years. Going forward, the timing of allotment of shares under the RSUs determined so far is as follows, and the number of shares to be allotted and the payment amount per share will be announced separately each time a determination is made by the Representative Executive Officer under the entrustment by the resolution of the Company's Board of Directors meeting.

9th RSU: 18 May 2023

11th RSU: 18 May 2023

12th RSU: 16 May 2024

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<Overview of the PSU Plan>

At the meetings of the Board of Directors held on 12 March 2019 and 17 April 2019, the Company introduced, together with the RSU Plan, a PSU Plan for certain Executives and Employees (excluding external directors).

This PSU Plan allots Company shares to certain eligible Executives and Employees on the condition that they hold the position of Executive or Employee during a Relevant Calculation Period running from 1 April 2019 through 28 February 2022 according to a predefined method based on the share prices and dividends of the Company and certain other companies in the same industry at the end of the Relevant Calculation Period.

The base number of shares to be allotted to each person is calculated for each person by multiplying the base number of shares set at the start of the Performance Period by the sum of the following figures as coefficient after the Performance Period has elapsed.

(1) 50% of the number between 25% to 100% to be determined based on the coefficients according to the Relative Total Shareholder Return ("TSR") Achievement level measured against an agreed peer group at the end of the Performance Period where such TSR is above the median.

For Relative TSR, the Company has selected multiple domestic competitors based on market capitalization and R&D expense ratios.

(2) 50% of the number between 50% to 200% to be determined based on the coefficients according to the Absolute TSR of the Company Achievement Level where Absolute TSR of the Company at the end of the Performance Period increases by 25% or more.

The coefficient used for the calculation of the aforementioned number of shares to be issued under the PSU Plan was 12.5%.

The number of shares to be issued under the RSU Plan and the PSU Plan of the Company after the determination of the 13th to 15th RSU will be 0.89 % of the total number of outstanding shares of the Company as of 31 March 2022.

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About Sosei Heptares

We are an international biopharmaceutical group focused on the discovery and early development of new medicines originating from our proprietary GPCR-targeted StaR® technology and structure-based drug design platform capabilities. We are advancing a broad and deep pipeline of novel medicines across multiple therapeutic areas, including neurology, immunology, gastroenterology, and inflammatory diseases.

We have established partnerships with some of the world's leading pharmaceutical companies and multiple emerging biotechnology companies, including AbbVie, AstraZeneca, Biohaven, Genentech (Roche), GSK, Neurocrine Biosciences, Novartis, Pfizer, Takeda and Verily. Sosei Heptares is headquartered in Tokyo, Japan with corporate and R&D facilities in Cambridge, UK.

"Sosei Heptares" is the corporate brand and trademark of Sosei Group Corporation, which is listed on the Tokyo Stock Exchange (ticker: 4565). Sosei, Heptares, the logo and StaR® are trademarks of Sosei Group companies.

For more information, please visit <https://soseiheptares.com/>
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Forward-looking statements

This press release contains forward-looking statements, including statements about the discovery, development, and commercialization of products. Various risks may cause Sosei Group Corporation's actual results to differ materially from those expressed or implied by the forward-looking statements, including: adverse results in clinical development programs; failure to obtain patent protection for inventions; commercial limitations imposed by patents owned or controlled by third parties; dependence upon strategic alliance partners to develop and commercialize products and services; difficulties or delays in obtaining regulatory approvals to market products and services resulting from development efforts; the requirement for substantial funding to conduct research and development and to expand commercialization activities; and product initiatives by competitors. As a result of these factors, prospective investors are cautioned not to rely on any forward-looking statements. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.