

Sosei Heptares Announces Issuance of New Shares and Convertible Bonds and Buyback of Existing Convertible Bonds

Tokyo, Japan, and Cambridge, UK, 28 November 2023 – Sosei Group Corporation (“Sosei Heptares” or “the Company”; TSE: 4565) today announces that its Board of Directors resolved on 28 November 2023 to issue new shares and Euro-yen denominated convertible bonds due 2028, each in an international offering as set forth below (the “Offerings”), and to issue new shares in a third party allotment to JICVGI Opportunity Fund No.1 Investment Limited Partnership (the “Third Party Allotment”). The issue proceeds will be used to repurchase the Company’s existing outstanding convertible bonds due 2026 (the “Existing Convertible Bonds”); to finance its strategic growth initiatives, including in-licensing and investments; to extend the maturity profile of its debt; and further strengthen its financial base.

1. Use of Proceeds

The aggregate net proceeds of approximately JPY 41.7 billion (approximately US\$280 million*) from the Offerings and the Third Party Allotment are intended to be used as follows:

- (i) up to JPY 32.0 billion (approximately US\$215 million*) will be allocated by the end of December 2023 toward the repurchase of Existing Convertible Bonds. The total amount used for the repurchase may be lower than the above amount depending on the number of bondholders who respond to the offer for repurchase, the amount of the Existing Convertible Bonds being repurchased, the number of Existing Convertible Bonds that have been converted into shares and other factors.
- (ii) approximately JPY 9.7 billion (approximately US\$65 million*) will be allocated by the end of December 2026 towards strategic growth initiatives including: in-licensing of programs and products; investment in late-stage development and commercialization activities in Japan; and early research and development including expansion of drug discovery platforms. In addition, any remainder from (i) above will be allocated by the end of December 2026 towards the research and development of new drug candidates which have not been previously funded and working capital.

2. Issuance of New Shares through an International Offering (the “Share Offering”)

- (1) Class and Number of Shares to be Offered
1,500,000 new shares of common stock of the Company.
- (2) Method of Pricing

The amount to be paid will be determined on a date falling in the period from 28 November 2023 to 29 November 2023 (the “Pricing Date”) by a process equivalent to the bookbuilding

* All approximate US\$ amounts were calculated at a spot FX rate of US\$1 to ¥148.84 as at 27 November 2023.

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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").

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 the Company on the Tokyo Stock Exchange on 28 November 2023 (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

The Company 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 the Company by the Underwriters will be retained by the Underwriters.

(6) Closing Date

14 December 2023

(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) 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 the Company.

3. Issuance of Euro-yen Denominated Convertible Bonds due 2028 through an International Offering (the "Bond Offering")

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(1) New Bonds to be Offered

Sosei Group Corporation Euro-yen Denominated Convertible Bonds due 2028 (the “New 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 New Bond shall have a denomination of JPY 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

14 December 2023 (GMT)

(5) Particulars of the Stock Acquisition Rights

The Stock Acquisition Rights are exercisable for shares of common stock of the Company. 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 Offering will be underwritten by the Underwriters and will be conducted in the overseas market (excluding the United States) mainly in Europe and Asia.

(ii) Offer Price

102.5% of par value

(7) Particulars of the New Bonds

(i) Aggregate Principal Amount of the New Bonds

JPY 32,000,000,000 (approximately US\$215 million*)

(ii) Interest Rate

0.25% per annum.

Interest on the New Bonds is payable semi-annually in arrear.

(iii) Maturity

The New Bonds will be redeemed at 100% of their principal amount on 14 December 2028.

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(iv) Early Redemption

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

4. Third Party Allotment

(1) Class and Number of Shares to be Offered

Up to 6,861,000 new shares of common stock of the Company (subject to the maximum set out in (10) below).

(2) Method of Pricing

The amount to be paid will be determined on a date falling in the period from 28 November 2023 to 29 November 2023, and will be the same as the issue price (offer price) in the Share Offering.

(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) Allottee

JICVGI Opportunity Fund No.1 Investment Limited Partnership.

(5) Closing Date

15 December 2023

(6) Subscription Unit

100 shares

(7) The amount to be paid, the amount of increase in capital stock and capital reserve and any other matters necessary for the issuance of new shares by way of the Third Party Allotment shall be determined at the discretion of the Representative Executive Officer of the Company.

(8) The above is conditional upon the securities registration statement filed under the Financial Instruments and Exchange Act of Japan becoming effective.

(9) In the event that the Share Offering or the Bond Offering is terminated, the Third Party Allotment will also be terminated. The Allottee has indicated its intention to subscribe for new shares is subject to a maximum aggregate purchase price of JPY 8 billion and that it intends to only apply for the subscription of such number of shares not exceeding such

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amount. Any shares for which no application for subscription has been received will not be issued.

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About Sosei Heptares

Sosei Heptares is a fully integrated biopharmaceutical company focused on bringing life-changing medicines based on world-class science to patients globally. Our vision is to become one of Japan's global biopharmaceutical champions.

Our global business combines our world-leading GPCR-targeted StaR® technology, structure-based drug design and early development capabilities in the UK with a highly experienced clinical development capability and a commercial operation in Japan.

We are leveraging these capabilities to generate and advance a broad and deep pipeline of novel medicines across multiple therapeutic areas, including neurology, immunology, gastroenterology and inflammatory diseases. We intend to develop these opportunities for patients in Japan and globally both internally and through our partnerships with global biopharmaceutical companies and emerging technology companies.

Sosei Heptares operates from key locations in Tokyo and Osaka (Japan), London and Cambridge (UK), Basel (Switzerland) and Seoul (South Korea).

“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://www.loseiheptares.com/>
LinkedIn: [@loseiheptaresco](#) | X: [@loseiheptaresco](#) | YouTube: [@loseiheptaresco](#)

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This press release has been prepared for the sole purpose of publicly announcing the Offerings, and not for the purpose of soliciting investment. No offer or sale of any securities 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. The Company does not intend to conduct a public offering of the Bonds in the United States.

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.
