



Sosei Announces Issuance of New Shares

Tokyo, Japan – 10 November 2017: Sosei Group Corporation ("Sosei"; TSE Mothers Index: 4565) today announces that its Board of Directors resolved on 10 November 2017 to issue new shares in an international offering as set forth below as part of its strategy toward becoming a fully integrated global biotech company with self-development and self-commercialization capabilities.

1. Outline of Issuance of New Shares in International Offering

(1) Class and Number of Shares to be Offered

2,070,000 new shares of common stock of Sosei which are the sum of (i) and (ii) below.

(i) 1,800,000 new shares of common stock of Sosei to be purchased by the Underwriters as referred to in (4) below.

(ii) A maximum of 270,000 additionally-issued shares of common stock of Sosei which may be purchased pursuant to an option to purchase to be granted to the Underwriters as referred to in (4) below.

(2) Method of Determination of the Amount to be Paid

The amount to be paid will be determined on a date falling in the period from Monday 20 November 2017 to Wednesday 22 November 2017 (the "Pricing Date") by a process equivalent to the book-building process provided under Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association ("JSDA").

(3) Amount of Capital Stock and Capital Reserve Increase

The amount of the capital stock increase will be half of the maximum 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 offering will be an international offering outside of Japan, provided that, in the U.S., the securities shall be offered or sold only to Qualified Institutional Buyers as defined in Rule 144A under the U.S. Securities Act of 1933, or the "Securities Act" ("International Offering"). The aggregate number of new shares will be severally and not jointly purchased by several international underwriters (collectively, the "Underwriters"). Also, Sosei will grant the Underwriters an option

Note: This press release has been prepared for the purpose of announcing to the public certain matters relating to the issuance of new shares of Sosei in an international offering, and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan. In addition, this press release does not constitute an offer or sale of securities in the United States. 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 above will not be publicly offered or sold in the United States. It is prohibited to distribute this press release in the United States.

to purchase the additionally-issued shares mentioned in (1)(ii) above. The issue price (offer price) with regard to the International 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 book-building process provided 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 International Offering and (b) the amount to be paid to Sosei by the Underwriters will be retained by the Underwriters.
- (6) **Payment Date**
The payment date shall be a day falling in the period from Monday 27 November 2017 to Wednesday 29 November 2017; provided however, that such day will be the 4th business day following the Pricing Date.
- (7) **Delivery Date**
The delivery date will be the next business day following the Payment Date.
- (8) **Deposit for Subscription**
Same amount as the issue price per share.
- (9) **Subscription Unit**
100 shares
- (10) **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 International Offering shall be determined at the discretion of Peter Bains, the Representative Executive Officer, President and CEO of Sosei.**

2. Change in Number of Outstanding Shares as a Result of International Offering

Total Number of Outstanding Shares (as of 7 November 2017):	16,979,984 shares	
Increase in Number of Shares as a Result of the International Offering:	2,070,000 shares	Note
Total Number of Outstanding Shares after the International Offering:	19,049,984 shares	Note

Note: These figures are based on the assumption that the option specified in (1)(ii) of "1. Outline of Issuance of New Shares in International Offering" above are fully exercised by the Underwriters.

3. Use of Proceeds to Be Raised

(1) Use of Proceeds to Be Raised This Time

We intend to use the net proceeds of the offering for advancement of our existing proprietary pipeline and expand drug discovery and development, including those related to Lewy body dementia and for general corporate purposes.

(2) Estimated Impact on Business Results

Not applicable.

4. Lock-up

- (1) For the period beginning on the Pricing Date and ending 90 days after the first Tokyo business day following the Payment Date, Sosei will not (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or file any registration statement under the Financial Instrument and Exchange Act of Japan or with the commission under the Securities Act relating to, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of common stock or such other securities, in cash or otherwise, without the prior written consent of the Underwriters, other than (A) the shares to be sold by Sosei in the International Offering, (B) the issue by Sosei of shares of common stock issued upon the exercise of any stock

acquisition rights of Sosei that have been granted under the existing stock option plans, (C) the grant or issue by Sosei of stock acquisition rights of Sosei to any of its or its subsidiaries' employees, officers or directors pursuant to the existing stock option plans, and (D) the sale of shares of common stock by Sosei to any holder of shares of common stock constituting less than one unit for the purpose of making such holder's holding, when added to the shares of common stock held by such holder, constitute one full unit of shares.

- (2) For the period beginning on the date of this announcement and ending 90 days after the first Tokyo business day following the Payment Date, Shinichi Tamura, our Representative Executive Director and Executive Chairman, Peter Bains our Representative Executive Officer, CEO and President and Andrew Oakley, our Executive Officer, CFO and Executive Vice President, have agreed that they will not, will not (i) offer, pledge, lend, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock, or publicly disclose the intention to make any offer, sale, pledge, lending or disposition, or (ii) enter into any derivatives or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of common stock or such other securities, in cash or otherwise, without the prior written consent of the Underwriters.
- The restrictions described above will not apply to the conversion by the persons referred to above of outstanding stock options or stock acquisition rights into shares of common stock, provided that such shares of common stock remain subject to the restriction described above.
- (3) For the purpose of the above, the Underwriters have the authority to at their own discretion, partially or fully remove the lock-up restriction or to reduce the length of each period referred to above.

-Ends-

Contacts for Sosei Group Corporation

Chris Cargill

Head of Investor Relations and Corporate Communications

+44-(0)7912-892-199

ccargill@sosei.com