

Sosei Announces Issuance of Convertible Bonds and Buyback of Existing Convertible Bonds

Tokyo, Japan, and Cambridge, UK, 7 July 2021 – Sosei Group Corporation (“Sosei”; TSE Mothers Index: 4565) today announces that its Board of Directors resolved on 7 July 2021 to issue euro-yen denominated convertible bonds due 2026 in an international offering as set forth below (the “Offering”), a portion of which will be used to repurchase Sosei’s existing outstanding convertible bonds due 2025 (the “Existing Convertible Bonds”), as well as to obtain new additional funds for accelerating Sosei’s strategic growth initiatives, including acquisitions and investments, and to lower funding costs, extend the maturity profile of its debt, and further strengthen Sosei’s financial base.

1. Use of Proceeds

The aggregate net proceeds of approximately ¥30.0 billion (approximately US\$271 million*) from the Offering is intended to be used as follows:

- (i) up to ¥20.0 billion (approximately US\$180 million*) will be allocated by the end of July 2021 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 which had been converted into shares and other factors.
- (ii) approximately ¥10.0 billion (approximately US\$90 million*) will, together with the approximately ¥20.9 billion (approximately US\$189 million*) raised from the offerings announced on 30 June 2020 of shares of common stock and of the Existing Convertible Bonds, be allocated by the end of June 2024 towards strategic growth initiatives including: funding acquisitions of or investments in companies or technologies that complement Sosei’s business, including in the areas of neurology, gastroenterology, immunology and rare diseases, in order to strengthen Sosei’s existing business foundation for drug candidate discovery and early development; and funding potential introduction of drug products in the Japanese domestic market. In addition, any remainder from (i) above will be allocated by the end of June 2024 toward research and development of new pipelines and working capital.

2. The Offering

(1) New Bonds to be Offered

Sosei Group Corporation Euro-yen Denominated Convertible Bonds due 2026 (the “New Bonds”; the stock acquisition rights incorporated therein shall be referred to as the “Stock Acquisition Rights”).

* All approximate US\$ amounts were calculated at a spot FX rate of US\$1 to ¥110.87 as at 6 July 2021.

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- (2) Issue Price
100.0% of par value (each New 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
27 July 2021 (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 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
¥30,000,000,000 (approximately US\$271 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 27 July 2026.
 - (iv) Early Redemption
The New Bonds may be redeemed prior to maturity upon, among other things, increased share prices and investor put.
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3. Concurrent Repurchase and Cancellation of Existing Convertible Bonds

Sosei's Board of Directors also resolved on 7 July 2021 that it will, concurrently with the Offering, repurchase the Existing Convertible Bonds. Sosei intends to achieve the following effects through the concurrent repurchase of Existing Convertible Bonds:

- By using part of the net proceeds from the New Bonds for the repurchase of the Existing Convertible Bonds, Sosei aims to lower its funding cost and extend the maturity of its debt;
- By using part of the net proceeds from the New Bonds, which may have a higher conversion price than the Existing Convertible Bonds, for the repurchase of the Existing Convertible Bonds, potential dilution per bond is likely to be reduced;
- Potentially better economic terms for the New Bonds through increased investor demand.

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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 technology companies, including AbbVie, AstraZeneca, Biohaven, Genentech (Roche), Novartis, Pfizer and Takeda. 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://www.soseiheptares.com/>
LinkedIn: [@soseiheptaresco](#) | Twitter: [@soseiheptaresco](#) | YouTube: [@soseiheptaresco](#)

This press release has been prepared for the sole purpose of publicly announcing the issuance of the Bonds, and not for the purpose of soliciting investment. No offer or sale of 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 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.