

PRESS RELEASE

Notice of Issuance of New Shares Under Restricted Stock Unit (RSU) Plan

Tokyo, Japan and London, UK, 11 December 2019 – Sosei Group Corporation (“the Company”; TSE: 4565) announces that a resolution to issue new shares (“the Share Issuance”) under the Restricted Stock Unit (“RSU”) Plan was adopted at the Board of Directors meeting held today as follows.

1. Details of Issuance

(1) Payment date	1st RSU 10 January 2020 4th RSU 16 April 2021 2nd RSU 10 April 2020 5th RSU 16 June 2021 3rd RSU 16 June 2020 6th RSU 18 April 2022
(2) Type and number of shares to be issued	412,492 shares of the Company’s common stock (4th to 6th are planned number of shares) (Breakdown) 1st RSU 26,590 shares 4th RSU 164,961 shares (planned) 2nd RSU 35,624 shares 5th RSU 10,178 shares (planned) 3rd RSU 10,178 shares 6th RSU 164,961 (planned)
(3) Payment amount	1st to 3rd RSU: 2,249 Yen per share 4th to 6th RSU: Representative Executive Officer will decide the payment amount hereafter
(4) Total issue value	1st to 3rd RSU: 162,809,608 yen 4th to 6th RSU: the Representative Executive Officer will decide the total issue value hereafter
(5) Planned Allottees	1st to 3rd RSU 72,392 shares will be allotted among 6 Directors of the Company 4th RSU 7 Directors and Executive Officers of the Company 63 Directors of subsidiaries of the Company and employees of the Company and its subsidiaries 164,961 shares to be allotted (planned) 5th RSU 2 Directors of the Company 10,178 shares to be allotted (planned) 6th RSU 7 Directors and Executive Officers of the Company 63 Directors of subsidiaries of the Company and employees of the Company and its subsidiaries 164,961 shares to be allotted (planned)

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(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 4th to 6th RSU is subject to change by the decision of the Representative Executive Officer.</p>
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2. Objectives of and Rationale for the Issuance

At meetings of the Board of Directors held on 12 March 2019 and 17 April 2019, the Company adopted a resolution on the details of and the introduction of the Restricted Stock Unit Plan ("the 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 energetically realize the Company's vision and strategy. The Plan will also promote the sharing of 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 December 11, 2019 as part of the compensation under the Plan, on the condition that the Executives and Employees hold the position of Executive or Employee during the specified period ("Relevant Calculation Period") relating to the 1st to 6th RSU listed in the table below.

	Persons Eligible for Allotment	Allotment number	Payment amount	Relevant Calculation Period
1st RSU	5 Directors of the Company	26,590 shares	59,800,910 Yen	For the length of service between 1 April 2019 to 31 May 2019 (Note 1)
2nd RSU	5 Directors of the Company	35,624 shares	80,118,376 Yen	For the length of service between 1 April 2019 to 25 March 2020
3rd RSU	2 Directors of the Company	10,178 shares	22,890,322 Yen	For the length of service between 1 April 2019 to 31 May 2020
4th RSU	7 Directors and Executive Officers of the Company 63 Directors of subsidiaries of the Company and employees of the Company and its subsidiaries	164,961 shares (Planned)	370,997,289 Yen (Note 2)	For the length of service between 1 April 2019 to 31 March 2021

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5th RSU	2 Directors of the Company	10,178 shares (Planned)	22,890,322 Yen (Note 2)	For the length of service between 1 April 2019 to 31 May 2021
6th RSU	7 Directors and Executive Officers of the Company 63 Directors of subsidiaries of the Company and employees of the Company and its subsidiaries	164,961 shares (Planned)	370,997,289 Yen (Note 2)	For the length of service between 1 April 2019 to 31 March 2022

(Note)

1. The allotment of the 1st RSU is based on a Relevant Calculation Period in view of the fact that the issuance of new share warrants as stock options that was agreed with the Persons Eligible for Allotment was cancelled last financial year in the process of revising the remuneration plans.

2. Payment amount for 4th RSU to 6th RSU is estimated amount at the time of submission of this Press Release “Notice of Issuance of New Shares Under Restricted Stock Unit (RSU) Plan.” Actual payment amount is amount obtained by multiplying payment amount per share with allotted number of shares, which are determined by the Representative Executive Officer as of the day immediately following the last day of the Relevant Calculation Period, 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 1st to 3rd 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 4th to 6th RSU.

(i) 1st to 3rd RSU

The number of shares to be allotted has been determined by the resolution at the Company’s Board of Directors meeting held on December 11, 2019.

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 (December 10, 2019).

The payment amount is the market share price immediately preceding the date of the resolution of the Company’s Board of Directors, so that the Company considers it is not issuance of shares at particularly favorable value.

(ii) 4th to 6th RSU

Allotment relating to the 4th to 6th RSU will be executed in 2021 and 2022, 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 December 11, 2019.

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The number of shares to be allotted will be determined by a decision made by the Representative Executive Officer as of the day immediately following the last day of each of the Relevant Calculation Period (*) pursuant to the aforementioned entrustment. Accordingly, the aforementioned total allotment of 340,100 shares relating to the 4th to 6th 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 as at the closing price of the Company's shares on the Tokyo Stock Exchange on the last date of the Relevant Calculation Period (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 the market share price immediately preceding the date of the determination by Representative Executive Officer, so that the Company considers it is not issuance of shares at a particularly favorable value.

(*) The last dates of the Relevant Calculation Period for each of the 4th to 6th RSU

4th RSU: 31 March 2021

5th RSU: 31 May 2021

6th RSU: 31 March 2022

The contents of the Plan are stated in <Overview of the Plan> below.

<Overview of the 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 during the Relevant Calculation Period running from 1 April 2019 to a specified date determined separately for each Executive and Employee.

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

The number of Shares to be issued under the Plan including the number of Shares to be issued under the Performance Share Unit Plan described in 3 below will not exceed 10% of our total outstanding shares.

(3) Method to deliver the Company's shares

Under the Plan, the Company will deliver the Company's common shares to Executives and Employees following the end of the predefined Relevant Calculation Period in return for properties contributed in kind of monetary compensation claims 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 predefined number of allotted shares with the aforementioned payment amount per share, taking into account the degree of contribution to the Company, etc., of each person eligible for allotment.

(4) Grounds for Forfeiture

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If during their Relevant Calculation 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 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 Calculation 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 Calculation 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.

3. Other

Performance Share Unit Plan

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

This Performance Share Unit 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 of the Company and certain other companies in the same industry at the end of the Relevant Calculation Period.

The implementation of 2. (4) Grounds for Forfeiture and (5) Treatment in Cases of Reorganization or Change of Control Transactions above will apply in the same way to this Performance Share Unit Plan.

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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 CNS, immuno-oncology, gastroenterology, inflammation and other rare/specialty indications.

We have established partnerships with some of the world's leading pharmaceutical companies, including Allergan, AstraZeneca, Daiichi-Sankyo, Genentech (Roche), Novartis, Pfizer and Takeda;

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and with innovative biotechnology companies, including Kymab, MorphoSys and PeptiDream. Sosei Heptares is headquartered in Tokyo, Japan with R&D facilities in Cambridge, UK.

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

For more information, please visit <https://www.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.