

March 24, 2021  
Symbio Pharmaceuticals Limited  
Fuminori Yoshida  
Representative Director  
President and Chief Executive Officer  
(Securities Code: 4582)

## **Notice Concerning the Issuance of Stock Acquisition Rights to Employees**

Symbio Pharmaceuticals Limited (“the Company”) today announced the decision, made at a Board of Directors’ meeting held today, to issue stock acquisition rights (“Stock Options”) to the Company’s employees pursuant to Articles 236, 238 and 240 of the Companies Act in Japan.

### **1. Purpose of issuing Stock Options**

The Company will grant the Stock Options to employees as a performance incentive.

Including Stock Options granted to directors, Stock Options for 200,000 shares will be issued. If all options granted are exercised, this would account for 0.52% of shares issued and outstanding as of the date of the decision to issue the Stock Options (38,249,206 shares). As set forth in 2-(7)-(b) below, recipients of Stock Options must be directors or employees of the Company or an affiliate of the Company. Therefore, the Stock Option system is a mid-term and long term incentive for directors and the employees, which will enhance the Company's value notwithstanding a certain level of dilution. It is the Company’s view that the dilution associated with the issuance of the Stock Options will be within a reasonable range.

### **2. Subscription Guidelines**

#### **(1) Stock Option recipients and number**

One hundred and nineteen (137) employees of the Company.

#### **(2) Type and number of shares issued upon exercise of Stock Options, and method to calculate the number of shares subject to unexercised Stock Options**

Twenty-five (25) shares of the Company’s common stock will be issued upon exercise of one (1) Stock Option.

In the event that the Company undergoes a stock split (or reverse stock split), the number of shares subject to unexercised Stock Options shall be adjusted using the formula set forth below, and any fractions less than one (1) share resulting therefrom shall be rounded down.

Number of shares after adjustment

The number of shares after adjustment shall equal the number of shares before adjustment multiplied by the split ratio.

In addition to aforementioned cases, in the event it is necessary to adjust the number of shares for which the Stock Option has not been exercised, the Company may make reasonable adjustments.

#### **(3) Total number of Stock Options for subscription**

6,200

This is the total number of Stock Options available to be allotted to employees of the Company. If

the number of Stock Options allotted is below this number (for example, if some employees do not apply for the subscription), the number of Stock Options issued will be the number actually allotted.

(4) Amount to be paid per Stock Option and allotment date

The amount to be paid for the Stock Options will be the fair value of the Stock Options on the allotment date as calculated using the Black-Scholes model. In addition, recipients of Stock Options will set off his/her claims against the Company for compensation against the Stock Option payment obligations, instead of making cash payment.

(5) Contribution upon exercise of Stock Options and calculation method

The contribution upon exercise of Stock Options will be the exercise price per share, set at one (1) yen, multiplied by the number of shares allotted.

(6) Stock Option Exercise Period

March 25, 2024 to March 24, 2031 (the “Stock Option Exercise Period”)

(7) Terms and conditions for exercise of Stock Options

(a) Stock Options may not be exercised fractionally.

(b) A recipient of Stock Options (“the Recipient”) must hold the position of director or employee of the Company or an affiliate of the Company when the options are exercised. This shall not apply in cases where:

i) A director of the Company or of an affiliate of the Company has retired upon expiration of his/her term of office.

ii) An employee has retired at the mandatory retirement age.

iii) The Board of Directors has resolved that a director or employee has retired from or left the Company or an affiliate of the Company amicably.

(c) If before the start of the period in which Stock Options can be exercised, an absorption-type merger or an incorporation-type merger that will result in the Company being the non-surviving company, an absorption-type company split or an incorporation-type company split that will result in the division of the Company, or a stock exchange or stock transfer that will make the Company a wholly-owned subsidiary of another company (hereinafter referred to collectively as “corporate reorganization”), is approved by a resolution of the Company’s General Meeting of Shareholders (including the case where a resolution of the Company’s General Meeting of Shareholders is regarded as having been made in accordance with Article 319 of the Companies Act in Japan) or by a resolution of the Company’s Board of Directors (in the case where a resolution of the Company’s General Meeting of Shareholders is not required for such corporate reorganization), irrespective of the provisions of Section 6 above, the Recipient may exercise the Stock Option in the period from the date of approval to the day before the date on which such corporate reorganization takes effect.

(d) In the case of the death of the Recipient, heirs of Recipient shall succeed the right to exercise Stock Options (“the Successors”) held by such Recipient based on the Stock Option Allotment Agreement concluded between the Company and the Recipient. However, in the case where the Successors have died, heirs of the Successors shall not be entitled to exercise the Stock Options.

(e) Other conditions relating to exercise of Stock Options shall be determined based on the Stock Option Allotment Agreement entered into between the Company and the Recipient.

(8) Matters concerning the paid-in capital and capital reserve to be increased due to the issuance of shares upon exercise of Stock Options

The amount of paid-in capital increase due to the issuance of shares upon exercise of the Stock Options shall be one-half of the maximum amount of paid-in capital increase, etc. as calculated in accordance with Article 17, Section 1 of the Corporation Accounting Regulations. Any fraction less than one (1) yen arising therefrom shall be rounded up to the nearest one (1) yen. The amount of capital reserve increase due to the issuance of shares upon exercise of the Stock Options shall be the amount of paid-in capital increase subtracted from the maximum amount of increase of paid-in capital.

(9) Matters concerning acquisition of Stock Options

In cases where the Company's General Meeting of Shareholders approves proposals (i), (ii), (iii), (iv), or (v) below (or where the Company's Board of Directors approves them if a resolution by the Company's General Meeting of Shareholders is not required), the Company may acquire the Stock Options without consideration on the date specified separately by the Company's Board of Directors.

- (i) A proposal for approval of a merger agreement under which the Company shall be absorbed by another company.
- (ii) A proposal for approval of a business division agreement or a division plan under which the Company shall be divided.
- (iii) A proposal for approval of a share exchange agreement or a share exchange plan under which the Company shall become a wholly-owned subsidiary.
- (iv) A proposal for approval of a change in the Articles of Incorporation of the Company which stipulates that, as a feature of all shares the Company issues, the Company's approval shall be required for the acquisition of such shares by transfer.
- (v) A proposal for approval of a change in the Articles of Incorporation which stipulates that, as a feature of shares subject to the Stock Option, the Company's approval shall be required for the acquisition of such shares by transfer or the Company shall acquire all such shares by the resolution of the Company's General Meeting of Shareholders.

(10) Limitations on the transfer of Stock Options

Transfer of Stock Options shall require the approval of the Company's Board of Directors.

(11) Issuance of Stock Options in the case of corporate reorganization

If the Company undergoes a corporate reorganization, the Company will grant to Recipients of Stock Options remaining as of the day immediately before the effective date of the reorganization (the "Remaining Stock Options") stock acquisition rights of the restructured company as defined in Article 236, Section 1, Item 8 (i) to (v) of the Companies Act in Japan (the "Reorganized Company") in accordance with the below terms. In such case, Remaining Stock Options are extinguished and the Restructured Company issues new stock acquisition rights.

Provided, however, that the issue of stock acquisition rights by the Restructured Company shall be limited to the case where it is prescribed in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split agreement, share exchange agreement or share transfer plan.

- (a) Number of the stock acquisition rights granted by the Restructured Company  
The Restructured Company shall grant to each Recipient of Remaining Stock Options stock acquisition rights for shares equal in number to the Stock Options held by the Recipient.
  - (b) Class of shares  
Common stock of the Restructured Company.
  - (c) Number of shares  
Shall be determined in accordance with (2) above, and accounting for the conditions of the reorganization.
  - (d) Contribution upon exercise  
The contribution upon exercise of stock acquisition rights will be the exercise price per share, set at one (1) yen, multiplied by the number of shares allotted.
  - (e) Exercise period  
From the first day of the Stock Option Exercise Period (defined in (6) above) or the effective date of the reorganization, whichever is later, to the last day of the Stock Option Exercise Period.
  - (f) Increase to capital and capital reserve as a result of the exercise of stock acquisition rights  
Shall be determined in accordance with (8) above.
  - (g) Transfer restrictions  
Acquisition of the stock acquisition rights by transfer shall require the approval of the board of directors of the Restructured Company (or the approval of the shareholders meeting, where the company is not a company with a board of directors).
  - (h) Terms and conditions for exercise of stock acquisition rights  
The terms and conditions for exercise of stock acquisition rights shall be determined in accordance with (7) above.
  - (i) Issuance of the stock acquisition rights in the case of corporate reorganization  
Such shall be determined in conformity with this section (11).
- (12) Stock Option allotment date  
April 23, 2021
- (13) Stock Option Certificates  
Stock Option Certificates will not be issued.

**[Contact]**

Investor Relations

Tel: +81(0)3 5472 1125