



March 13, 2018

Company name: SanBio Co., Ltd.
(Code: 4592 TSE Mothers)

Name of representative: Keita Mori, Representative Director and President

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Announcement on the Acquisition, Cancellation, and Issue of Stock Options (Share Acquisition Rights)

Sanbio Company Limited (the “**Company**”) hereby announces that at the meeting of Board of Directors held on March 13, 2018, the Company resolved to (i) acquire and cancel part of the share acquisition rights that the Company has already issued; (ii) submit to the Company’s 5th annual general meeting of shareholders a proposal for approval of the plans to issue stock options to the employees of the Company and the Company’s subsidiary; and (iii) issue share acquisition rights as stock options to employees and a consultant pursuant to Articles 238 and 240 of the Companies Act, both within the number of those share acquisition rights to be cancelled, as follows.

I. Acquisition and Cancellation of Share Acquisition Rights Already Issued

1. Reasons for Acquisition and Cancellation of Share Acquisition Rights

At its 3rd annual general meeting of shareholders held on April 28, 2016, the Company received approval for the Sanbio Company Limited 2016-2018 Incentive Stock Option Plan for Employees (the “**2016 Incentive Plan**”) for the issue of share acquisition rights as stock options to the employees of the Company and the Company’s subsidiary, with the maximum number of shares to be issued upon exercise of the share acquisition rights set at 150,000 shares of the Company’s common stock.

Up until now, the Company has already issued 7th through 10th share acquisition rights, the shares subject to those share acquisition rights being 148,400 shares of the Company’s common stock, under the 2016 Incentive Plan; however, with respect to the 7th through 9th of Share Acquisitions Rights, there were instances of employees whom had been granted share acquisition rights ceasing to be employees, thereby constituting grounds for acquisition of those employees’ share acquisition rights without consideration under the terms and conditions for issuance of the relevant series of share acquisition rights. Therefore, pursuant to the provisions of the relevant terms and conditions for issuance of the share acquisition

rights, the Company resolved to, as described below, acquire without consideration, and cancel, a total of 84,800 rights of share acquisition rights (the shares subject to those share acquisition rights are 84,800 shares of the Company's common stock).

2. Date of Acquisition and Cancellation of Share Acquisition Rights
March 30, 2018

3. Share Acquisition Rights subject to Acquisition and Cancellation

(1) The 7th Share Acquisition Rights

Allotment date of share acquisition rights	May 16, 2016
Total number of share acquisition rights issued	83,300 rights
Type and number of shares subject to share acquisition rights	83,300 shares of common stock
Exercise price of share acquisition rights	1,766 Japanese yen
Number of share acquisition rights to be acquired	54,300 rights
Acquisition price of share acquisition rights	Without consideration
Number of share acquisition rights to be cancelled	54,300 rights

(2) The 8th Share Acquisition Rights

Allotment date of share acquisition rights	November 28, 2016
Total number of share acquisition rights issued	29,500 rights
Type and number of shares subject to share acquisition rights	29,500 shares of common stock
Exercise price of share acquisition rights	1,436 Japanese yen
Number of share acquisition rights to be acquired	25,500 rights
Acquisition price of share acquisition rights	Without consideration
Number of share acquisition rights to be cancelled	25,500 rights

(3) The 9th Share Acquisition Rights

Allotment date of share acquisition rights	May 12, 2017
Total number of share acquisition rights issued	15,600 rights
Type and number of shares subject to share acquisition rights	15,600 shares of common stock
Exercise price of share acquisition rights	1,261 Japanese yen
Number of share acquisition rights to be acquired	5,000 rights
Acquisition price of share acquisition rights	Without consideration
Number of share acquisition rights to be cancelled	5,000 rights

4. Impact on Business Performance

The impact on business performance is not significant.

II. Submission of Proposal to Annual General Meeting of Shareholders for Plans to Issue Stock Options to Employees

1. Reasons for Proposal

In order to motivate and improve the morale of the employees of the Company and of the Company's subsidiary to improve business performance as well as to secure talented human resources and to contribute to the mid- to long-term enhancement of corporate value of the Company group as a whole, the Company would like to issue employees of the Company and of the Company's subsidiary share acquisition rights as stock options.

When issuing those share acquisition rights, the Company, in accordance with the provisions of Articles 238 and 240 of the Companies Act, determines by a resolution of the Board of Directors the terms and conditions of the share acquisition rights; however, in light of the fact that in issuing share acquisition rights to U.S. resident employees of the Company's subsidiary, Sanbio, Inc., which is located in California in the U.S., it may be necessary to set out the details of the plan to issue share acquisition rights under the U.S. law by a resolution of a general meeting of shareholders, the Company has decided to submit proposals to the Company's 5th annual general meeting of shareholders, to be held on April 27, 2018, for the approval of the following plans which constitute the details of such a plan to issue share acquisition rights: (i) the Sanbio Company Limited 2018-2020 Incentive Stock Option Plan for Employees detailed in 2.(1) below (the "**2018 Incentive Plan**"); and (ii) the Sanbio Company Limited 2018-2020 Stock Option Plan for Employees detailed in 2.(2) below (the "**2018 Plan**").

The aim of the share acquisition rights to be issued under the 2018 Incentive Plan is to have employees earn a profit equivalent to the amount of increase in the Company's share price after the allotment date by setting the exercise price for those share acquisition rights at a price that is not less than the fair price for those shares as of the allotment date of the share acquisition rights (refer to (5) in Attachment 1), and the aim of the share acquisition rights under the 2018 Plan is to grant employees substantial stock-based remuneration by setting the exercise price of those share acquisition rights at 1 Japanese yen (refer to (5) in Attachment 2). The Company believes that by issuing both of these stock options, it will be possible to utilize stock options as a means of securing talented human resources as well as to motivate and improve the morale of employees from various directions with a view towards enhancing corporate value for the Company group as a whole over the mid- to long-term.

Furthermore, in light of the fact that the maximum number of shares subject to the share acquisition rights to be issued under the 2018 Incentive Plan is 30,000 shares of the Company's common stock and that the maximum number of shares the subject to share acquisition rights to be issued under the 2018 Plan is 6,000 shares of the Company's common stock, even when combined with the number of shares (4,000 shares) subject to the share acquisition rights to be granted to a consultant of the Company separate to these plans (refer to III. below), the total maximum number of subject shares is 40,000 shares; which is less than the number of shares (84,800 shares) subject to those share acquisition rights that will be acquired and cancelled as described in I. above, and the Company believes that this is an appropriate scale.

2. Details of Plans for Issuing Stock Options

(1) 2018 Incentive Plan

Please refer to Attachment 1: Sanbio Company Limited 2018-2020 Incentive Stock Option Plan for Employees.

(2) 2018 Plan

Please refer to Attachment 2: Sanbio Company Limited 2018-2020 Stock Option Plan for Employees.

III. Issuance of Share Acquisition Rights as Stock Options to Employees and Consultant

1. Reasons for Issuing Share Acquisition Rights as Stock Options

Pursuant to Articles 238 and 240 of the Companies Act, the Company resolved at the meeting of Board of Directors held on March 13, 2018 to issue to employees of the Company group the 11th Share Acquisition Rights, detailed in 2.(1) below, in order to motivate and improve the morale of the employees of the Company group to improve business performance as well as to secure talented human resources and to contribute to the enhancement of mid- to long-term corporate value of the Company group as a whole. This issuance of share acquisition rights is based on the 2018 Plan described in II. above, and exercise of these share acquisition rights is subject to the condition that the 2018 Plan is approved at the Company's 5th

annual general meeting of shareholders to be held on April 27, 2018 (refer to 9. (iv) in Attachment 3).

Furthermore, in light of the fact that it is also important to motivate and improve the morale of consultants of the Company, who are the Company's external collaborators, with the aim of improving business performance of the Company group as a whole in order to succeed with the development of leading-edge therapeutic drugs, pursuant to Articles 238 and 240 of the Companies Act, the Company resolved at the meeting of Board of Directors held on March 13, 2018 to also issue its consultant the 12th Share Acquisition Rights as detailed in 2.(2) below. These share acquisition rights are issued outside of the 2018 Incentive Plan and the 2018 Plan, the plans for issuing stock options to employees of the Company group; however, as stated in II.1 above, the combined maximum total of the number of shares subject to the share acquisition rights to be issued under the 2018 Incentive Plan and the 2018 Plan and the number of shares subject to the share acquisition rights granted to the Company's consultant is 40,000 shares; this number is less than the number of shares (84,800 shares) subject to those share acquisition rights that will be acquired and cancelled as described in I. above, and the Company believes that this is an appropriate scale.

2. Terms and Conditions for Issuance of Share Acquisition Rights

(1) The 11th Share Acquisition Rights

Please refer to Attachment 3: Terms and Conditions of 11th Share Acquisition Rights.

(2) The 12th Share Acquisition Rights

Please refer to Attachment 4: Terms and Conditions of 12th Share Acquisition Rights.

3. Reason for Selecting the Allottee of the 12th Share Acquisition Rights, etc.

(1) The Overview of the Allottee

Name		— (Note)
Address		— (Note)
Relationship between the Company and the allottee	Capital relationship	Not applicable
	Personal relationship	Not applicable
	Transactional relationship	As a scientific advisor of the Company, the allottee has entered into an advisory agreement with the Company in relation to the advice and guidance it provides on research and development and the business in general of the Company.

Note: As this grant of share acquisition rights is meant to further improve the business performance of the Company by encouraging further contribution to

the Company of the allottee, who is a scientific advisor of the Company, the name and address of the allottee are omitted.

The Company conducted an investigation on the allottee in order to find any relationship with anti-social forces, etc. by searching past news articles on the Nikkei Telecom website as well as searching comprehensively with information and keywords that may implicate any relationship with anti-social forces, etc. As a result, there is no evidence that implies any relationship between the allottee and anti-social forces, etc. In addition, the Company interviewed the allottee regarding any relationship with anti-social forces, etc., and confirmed that there is no relationship between them, and it submitted a “Confirmation Letter Stating the Non-Existence of Relationship between the Allottee and Anti-Social Forces” to the Tokyo Stock Exchange, Inc.

(2) Reason for Selecting the Allottee

As a scientific advisor of the Company, the allottee has provided advice and guidance on research and development and business in general of the Company. The Company selected the allottee with the aim of further improving the business performance of the Company by encouraging its further contribution to the Company through the grant of share acquisition rights.

End

SANBIO COMPANY LIMITED
2018-2020 INCENTIVE STOCK OPTION PLAN FOR EMPLOYEES
(2018 INCENTIVE PLAN)

(1) Share Acquisition Rights to be Granted under the SanBio Company Limited 2018-2020 Incentive Stock Option Plan for Employees (the “*Incentive Plan*”)

Share acquisition rights issued by SanBio Company Limited (the “*Share Acquisition Rights*”). Share Acquisition Rights may be granted as incentive stock options (“*ISOs*”) within the meaning of Section 422 of the U.S. Internal Revenue Code (the “*Code*”) or Share Acquisition Rights that do not qualify as ISOs.

(2) Persons to be Granted the Share Acquisition Rights

Employees of SanBio Company Limited (the “*Company*”) and its subsidiaries within the meaning of Code Section 424(f)

(3) Type and Total Number of Shares Subject to Share Acquisition Rights

Up to 30,000 shares of common stock in the Company

If any Share Acquisition Rights expire or become unexercisable without having been exercised in full, the unpurchased shares which were subject thereto will become available for future grant or sale under the Incentive Plan (unless the Incentive Plan has terminated).

In the event of stock split, stock consolidation, stock dividend, recapitalization, combination, reclassification, or other distribution of the Company’s equity securities without the receipt of consideration by the Company, of or on the Company’s common stock, then in accordance with Code Section 424 and, for any Share Acquisition Rights with respect to a California employee, Section 260.140.41 of the California Code of Regulations, the number of shares that are subject to the Share Acquisition Rights will be proportionately adjusted using the following formula; provided, however, that such adjustment shall only apply to the shares that are subject to the Share Acquisition Rights with respect to which the exercise thereof has not yet become effective at the time of such stock split, stock consolidation or other applicable transaction. Any fraction of a share resulting from such adjustment shall be rounded down to the nearest whole share.

Number of shares after adjustment

= (Number of shares before adjustment) x (ratio of stock split or stock consolidation, etc.)

In addition to the foregoing, in the event of allotment of shares without contribution or any other corporate action that would change in the number of issued shares of stock (excluding the number of treasury shares held by the Company) effected without receipt of consideration by the Company, the Company shall adjust the number of shares to be acquired upon exercise as appropriate within a reasonable range taking into consideration the terms of such allotment of shares without contribution or such other corporate action, in each case in accordance with Code Section 424 and, for any Share Acquisition Rights with respect to a California employee, Section 260.140.41 of the California Code of Regulations.

(4) Amount Payable per Share Acquisition Right Upon Grant

No payment of money is needed.

(5) Outline of Description and Value of the Asset to be Contributed upon Exercise of Share Acquisition Rights

The asset to be contributed to the Company upon exercise of Share Acquisition Rights will be cash.

The value of the asset to be contributed in consideration for one (1) share of common stock of the Company upon exercise of the Share Acquisition Right (the “*Exercise Price*”) shall be not less than the fair market value of such share on the grant date of the Share Acquisition Rights.

In the event of stock split, stock consolidation, stock dividend, recapitalization, combination, reclassification, or other distribution of the Company’s equity securities without the receipt of consideration by the Company, of or on the Company’s common stock, then in accordance with Code Section 424 and, for any Share Acquisition Rights with respect to a California employee, Section 260.140.41 of the California Code of Regulations, the Exercise Price will be adjusted using the following formula; provided, however, that such adjustment shall only apply to the Exercise Price of the Share Acquisition Rights that have not been exercised at the time of such stock split, stock consolidation or other applicable transaction. Any fraction resulting from such adjustment shall be rounded up to the nearest whole yen.

$$\text{Exercise Price after adjustment} = \frac{\text{Exercise Price before adjustment}}{\text{Ratio of stock split or stock consolidation, etc.}}$$

In addition to the foregoing, in the event of allotment of shares without contribution or any other corporate action that would change in the number of issued shares of stock (excluding the number of treasury shares held by the Company) effected without receipt of consideration by the Company, the Company shall adjust the Exercise Price as appropriate within a reasonable range taking into consideration the terms of such allotment of shares without contribution or such other corporate action, in each case in accordance with Code Section 424 and, for any Share Acquisition Rights with respect to a California employee, Section 260.140.41 of the California Code of Regulations.

(6) Term of Share Acquisition Rights

Any Share Acquisition Rights under the Incentive Plan with respect to a California employee must have a term not longer than ten (10) years from the date of grant.

(7) Non-transferability of Share Acquisition Rights

Unless determined otherwise by the board of directors of the Company, Share Acquisition Rights with respect to a California employee may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the employee who was granted the Share Acquisition Rights, only by the employee who was granted the Share Acquisition Rights. If the board of directors of the Company makes any Share Acquisition Rights transferrable, such Share Acquisition Rights may be transferred only (i) by will, (ii) by the laws of descent and distribution, or (iii) as permitted by Rule 701 of the U.S. Securities Act of 1933, as amended (the “*Securities Act*”). Further, until the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), or after the board of directors of the Company determines that it is, will, or may no longer be relying upon the exemption from registration under the Exchange Act as set forth in Rule 12h-1(f) promulgated under the Exchange Act (the “*Rule 12h-1(f) Exemption*”), the Share Acquisition Rights, or prior to exercise, the shares subject to the Share Acquisition Rights, may not be pledged, hypothecated or otherwise transferred or disposed of, in any manner, including by entering into any short position, any “put equivalent position” or any “call equivalent position” (as defined in Rule 16a-1(h) and Rule 16a-1(b) of the Exchange Act, respectively), other than to (i) persons who are “family members” (as defined in Rule 701(c)(3) of the Securities Act) through gifts or domestic relations orders, or (ii) to an

executor or guardian of the Participant upon the death or disability of the Participant, in each case, to the extent required for continued reliance on the Rule 12h-1(f) Exemption. Notwithstanding the foregoing sentence, the board of directors of the Company, in its sole discretion, may determine to permit transfers to the Company or in connection with a change in control of the Company or other acquisition transactions involving the Company to the extent permitted by Rule 12h-1(f) or, if the Company is not relying on the Rule 12h-1(f) Exemption, to the extent permitted by the Incentive Plan.

(8) Exercisability of Share Acquisition Rights

With respect to a California employee, the right to exercise a Share Acquisition Right, to the extent that the holder of the Share Acquisition Right is entitled to exercise on the date his or her employment with the Company or its subsidiaries terminates, will remain exercisable until the earliest of:

- (i) six (6) months following the date of termination if termination was caused by death or disability or such longer period of time as is specified in the terms and conditions or warrant agreement governing the Share Acquisition Right;
- (ii) thirty (30) days following the date of termination if termination was caused by other than death or disability or such longer period of time as is specified in the terms and conditions or warrant agreement governing the Share Acquisition Right; or
- (iii) The maximum term to expiration of the Share Acquisition Right.

(9) Term of the Incentive Plan

Any Share Acquisition Rights under the Incentive Plan must be granted within three (3) years from the earlier of (a) the date of adoption of the Incentive Plan by the Company's board of directors or (b) the date that the Incentive Plan is approved by the Company's shareholders.

(10) Information to Incentive Plan Participants

Beginning on the earlier of (i) the date that the aggregate number of participants under this Incentive Plan is five hundred (500) or more and the Company is relying on the Rule 12h-1(f) Exemption, and (ii) the date that the Company is required to deliver information to participants pursuant to Rule 701 under the Securities Act, and until such time as the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, no longer is relying on the Rule 12h-1(f) Exemption or no longer is required to deliver information to participants in the Incentive Plan pursuant to Rule 701 under the Securities Act, the Company shall provide to each participant in the Incentive

Plan the information described in paragraphs (e)(3), (4), and (5) of Rule 701 under the Securities Act not less frequently than every six (6) months with the financial statements being not more than 180 days old and with such information provided either by physical or electronic delivery to the participants in the Incentive Plan.

(11) Shareholder Approval of the Incentive Plan

The Incentive Plan must be approved by a majority of the outstanding securities of the Company entitled to vote, no later than twelve (12) months after the date the Incentive Plan is adopted by the Company's board of directors.

(12) Other Terms and Conditions

The Company can set the other terms and conditions for each issuance of the Share Acquisition Rights under the Incentive Plan pursuant to the Companies Act of Japan and the articles of incorporation of the Company.

SANBIO COMPANY LIMITED
2018-2020 STOCK OPTION PLAN FOR EMPLOYEES
(2018 PLAN)

(1) Share Acquisition Rights to be Granted under the SanBio Company Limited 2018-2020 Stock Option Plan for Employees (the “*Plan*”)

Share acquisition rights issued by SanBio Company Limited (the “*Share Acquisition Rights*”).

(2) Persons to be Granted the Share Acquisition Rights

Employees of SanBio Company Limited (the “*Company*”) and its subsidiaries within the meaning of the U.S. Internal Revenue Code (the “*Code*”) Section 424(f)

(3) Type and Total Number of Shares Subject to Share Acquisition Rights

Up to 6,000 shares of common stock in the Company

If any Share Acquisition Rights expire or become unexercisable without having been exercised in full, the unpurchased shares which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated).

In the event of stock split, stock consolidation, stock dividend, recapitalization, combination, reclassification, or other distribution of the Company’s equity securities without the receipt of consideration by the Company, of or on the Company’s common stock, then in accordance with Code Section 424 and, for any Share Acquisition Rights with respect to a California employee, Section 260.140.41 of the California Code of Regulations, the number of shares that are subject to the Share Acquisition Rights will be proportionately adjusted using the following formula; provided, however, that such adjustment shall only apply to the shares that are subject to the Share Acquisition Rights with respect to which the exercise thereof has not yet become effective at the time of such stock split, stock consolidation or other applicable transaction. Any fraction of a share resulting from such adjustment shall be rounded down to the nearest whole share.

Number of shares after adjustment

= (Number of shares before adjustment) x (ratio of stock split or stock consolidation, etc.)

In addition to the foregoing, in the event of allotment of shares without contribution or any other corporate action that would change in the number of issued shares of stock (excluding the number of treasury shares held by the Company) effected without receipt of consideration by the Company, the Company shall adjust the number of shares to be acquired upon exercise as appropriate within a reasonable range taking into consideration the terms of such allotment of shares without contribution or such other corporate action, in each case in accordance with Code Section 424 and, for any Share Acquisition Rights with respect to a California employee, Section 260.140.41 of the California Code of Regulations.

(4) Amount Payable per Share Acquisition Right Upon Grant

No payment of money is needed.

(5) Outline of Description and Value of the Asset to be Contributed upon Exercise of Share Acquisition Rights

The asset to be contributed to the Company upon exercise of Share Acquisition Rights will be cash.

The value of the asset to be contributed in consideration for one (1) share of common stock of the Company underlying the Share Acquisition Right upon exercise of such Share Acquisition Right shall be one (1) Japanese yen.

(6) Term of Share Acquisition Rights

Any Share Acquisition Rights under the Plan with respect to a California employee must have a term not longer than ten (10) years from the date of grant.

(7) Non-transferability of Share Acquisition Rights

Unless determined otherwise by the board of directors of the Company, Share Acquisition Rights with respect to a California employee may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the employee who was granted the Share Acquisition Rights, only by the employee who was granted the Share Acquisition Rights. If the board of directors of the Company makes any Share Acquisition Rights transferrable, such Share Acquisition Rights may be transferred only (i) by will, (ii) by the laws of descent and distribution, or (iii) as permitted by Rule 701 of

the U.S. Securities Act of 1933, as amended (the “*Securities Act*”). Further, until the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), or after the board of directors of the Company determines that it is, will, or may no longer be relying upon the exemption from registration under the Exchange Act as set forth in Rule 12h-1(f) promulgated under the Exchange Act (the “*Rule 12h-1(f) Exemption*”), the Share Acquisition Rights, or prior to exercise, the shares subject to the Share Acquisition Rights, may not be pledged, hypothecated or otherwise transferred or disposed of, in any manner, including by entering into any short position, any “put equivalent position” or any “call equivalent position” (as defined in Rule 16a-1(h) and Rule 16a-1(b) of the Exchange Act, respectively), other than to (i) persons who are “family members” (as defined in Rule 701(c)(3) of the Securities Act) through gifts or domestic relations orders, or (ii) to an executor or guardian of the Participant upon the death or disability of the Participant, in each case, to the extent required for continued reliance on the Rule 12h-1(f) Exemption. Notwithstanding the foregoing sentence, the board of directors of the Company, in its sole discretion, may determine to permit transfers to the Company or in connection with a change in control of the Company or other acquisition transactions involving the Company to the extent permitted by Rule 12h-1(f) or, if the Company is not relying on the Rule 12h-1(f) Exemption, to the extent permitted by the Plan.

(8) Exercisability of Share Acquisition Rights

With respect to a California employee, the right to exercise a Share Acquisition Right, to the extent that the holder of the Share Acquisition Right is entitled to exercise on the date his or her employment with the Company or its subsidiaries terminates, will remain exercisable until the earliest of:

- (i) six (6) months following the date of termination if termination was caused by death or disability or such longer period of time as is specified in the terms and conditions or warrant agreement governing the Share Acquisition Right;
- (ii) thirty (30) days following the date of termination if termination was caused by other than death or disability or such longer period of time as is specified in the terms and conditions or warrant agreement governing the Share Acquisition Right; or
- (iii) The maximum term to expiration of the Share Acquisition Right.

(9) Term of the Plan

Any Share Acquisition Rights under the Plan must be granted within three (3) years from the earlier of (a) the date of adoption of the Plan by the Company’s board of directors or (b) the date that the Plan is approved by the Company’s shareholders.

(10) Information to Plan Participants

Beginning on the earlier of (i) the date that the aggregate number of participants under this Plan is five hundred (500) or more and the Company is relying on the Rule 12h-1(f) Exemption, and (ii) the date that the Company is required to deliver information to participants pursuant to Rule 701 under the Securities Act, and until such time as the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, no longer is relying on the Rule 12h-1(f) Exemption or no longer is required to deliver information to participants in the Plan pursuant to Rule 701 under the Securities Act, the Company shall provide to each participant in the Plan the information described in paragraphs (e)(3), (4), and (5) of Rule 701 under the Securities Act not less frequently than every six (6) months with the financial statements being not more than 180 days old and with such information provided either by physical or electronic delivery to the participants in the Plan.

(11) Shareholder Approval of the Plan

The Plan must be approved by a majority of the outstanding securities of the Company entitled to vote, no later than twelve (12) months after the date the Plan is adopted by the Company's board of directors.

(12) Other Terms and Conditions

The Company can set the other terms and conditions for each issuance of the Share Acquisition Rights under the Plan pursuant to the Companies Act of Japan and the articles of incorporation of the Company.

TERMS AND CONDITIONS OF 11TH SHARE ACQUISITION RIGHTS

1. Name of Share Acquisition Rights

SanBio Company Limited the 11th Share Acquisition Rights (the “*Share Acquisition Rights*”). In the event of any conflict between the provisions of the SanBio Company Limited 2018-2020 Stock Option Plan for Employees (the “*2018 Plan*”) and any provisions of this Terms and Conditions of 11th Share Acquisition Rights, then the provisions of the 2018 Plan shall control.

2. Persons to whom Share Acquisition Rights are allocated, the number of such persons, and the number of Share Acquisition Rights allocated

Employees of the Company and of the Company’s subsidiary within the meaning of the U.S. Internal Revenue Code of 1986 (the “*Code*”) Section 424(f)

5 employees of the Company and 16 employees of the Company’s subsidiary;
21 employees in total (3,200 Share Acquisition Rights)

The above-listed total number of Share Acquisition Rights allocated is an expected amount, and if the total number of Share Acquisition Rights allocated decreases, including the case in which some of the employees do not apply for subscription, the number of Share Acquisition Rights actually allocated shall be considered as the total number of Share Acquisition Rights.

3. Type and Number of Shares Subject to Share Acquisition Rights

3,200 shares of common stock in the Company

In the event of stock split, stock consolidation, stock dividend, recapitalization, combination, reclassification, or other distribution of the Company’s equity securities without the receipt of consideration by the Company, of or on the Company’s common stock, then in accordance with Code Section 424 and, for any Share Acquisition Rights with respect to a California employee, Section 260.140.41 of the California Code of Regulations, the number of shares that are subject to the Share Acquisition Rights will be proportionately adjusted using the following formula; provided, however, that such adjustment shall only apply to the shares that are subject to the Share Acquisition Rights with respect to which the exercise thereof has not yet become effective at the time of such stock split, stock consolidation or other applicable transaction. Any fraction of a share resulting from such adjustment shall be rounded down to the nearest whole share.

Number of shares after adjustment

= (Number of shares before adjustment) x (ratio of stock split or stock consolidation, etc.)

In addition to the foregoing, in the event of allotment of shares without contribution or any other corporate action that would change in the number of issued shares of stock (excluding the number of treasury shares held by the Company) effected without receipt of consideration by the Company, the Company shall adjust the number of shares to be acquired upon exercise as appropriate within a reasonable range taking into consideration the terms of such allotment of shares without contribution or such other corporate action, in each case in accordance with Code Section 424 and, for any Share Acquisition Rights with respect to a California employee, Section 260.140.41 of the California Code of Regulations.

4. Total Number of Share Acquisition Rights
3,200.

The number of shares to be acquired upon exercise of one (1) Share Acquisition Right (the “*Number of Shares per Right*”) equals one (1) share; provided, however, that, if the total number of shares that are subject to the Share Acquisition Rights has been adjusted pursuant to Section 3 above, the Number of Shares per Right shall be adjusted accordingly. The above-listed total number of Share Acquisition Rights allocated is an expected amount, and if the total number of Share Acquisition Rights allocated decreases, including the case in which some of the employees do not apply for subscription, the number of Share Acquisition Rights actually allocated shall be considered as the total number of Share Acquisition Rights.

5. Amount Payable per Share Acquisition Right

No payment of money is needed.

This issuance of Share Acquisition Rights does not constitute an issuance with favorable conditions.

6. Description and Value of the Asset to be Contributed upon Exercise of Share Acquisition Rights

The asset to be contributed to the Company upon exercise of Share Acquisition Rights will be cash.

The value of the asset to be contributed upon exercise of each Share Acquisition Right shall be obtained by multiplying one (1) Japanese yen, which is the amount per share to be delivered upon exercise of such Share Acquisition Right (the “*Exercise Price*”), by the

Number of Shares per Right..

7. Exercise Period of Share Acquisition Rights

From May 15, 2018 (Japan Time) to March 12, 2028 (Japan Time) (the “*Expiration Date*”).

8. Matters relating to Stated Capital and Capital Reserve to be Increased by Issuance of New Shares upon Exercise of Share Acquisition Rights

(i) The amount of stated capital of the Company to be increased by the issuance of shares upon exercise of the Share Acquisition Rights will be one-half of the maximum amount of increase of stated capital calculated in accordance with Article 17 of the Corporate Calculation Rules. Any amount less than one yen resulting from the calculation will be rounded up to the nearest yen.

(ii) The amount of capital reserves of the Company to be increased by the issuance of shares upon exercise of the Share Acquisition Rights will be the maximum amount of increase of stated capital described in (i) above less the amount of stated capital to be increased as set out in (i) above.

9. Conditions of Exercise of Share Acquisition Rights

(i) If a holder of the Share Acquisition Rights ceases to be a Service Provider, the holder may only exercise his or her Share Acquisition Rights within three (3) months after the holder ceases to be a Service Provider to the extent that the Share Acquisition Rights are vested and exercisable on the date of termination (but in no event later than the Expiration Date).

(ii) If a holder of the Share Acquisition Rights ceases to be a Service Provider as a result of the holder's Disability as defined in Section 22(e)(3) of the Code, the holder may only exercise his or her Share Acquisition Rights within one (1) year after the holder ceases to be a Service Provider to the extent that the Share Acquisition Rights are vested and exercisable on the date of termination (but in no event later than the Expiration Date).

(iii) If a holder of the Share Acquisition Rights dies while the holder is a Service Provider, the Share Acquisition Rights may be exercised within one (1) year following the holder's death to the extent that the Share Acquisition Rights are vested and exercisable on the date of death (but in no event later than the Expiration Date) by the holder's heir(s).

(iv) The Share Acquisition Rights may not be exercised unless and until the 2018 Plan is

approved by the Company's shareholders in accordance with the Section (11) of the 2018 Plan. In the event that the 2018 Plan is not approved by the Company's shareholders at the General Shareholders meeting of the Company held on or before April 30, 2018, the Share Acquisition Rights automatically and immediately shall terminate without having become exercisable and the holder of the Share Acquisition Rights shall have no further rights with respect to the Share Acquisition Rights or the shares of common stock in the Company thereunder.

In this Section 9, the following terms will have the following meanings:

"Employee" means any person employed by the Company or any Parent or Subsidiary of the Company. An Employee shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor.

"Director" means a director of the Company or any Parent or Subsidiary of the Company.

"Statutory Auditor" means a statutory auditor of the Company or any Parent or Subsidiary of the Company.

"Consultant" means any natural person who is engaged by the Company or any Parent or Subsidiary of the Company to render consulting or advisory services to such entity and who satisfies the requirements of subsection (c)(1) of Rule 701 under the U.S. Securities Act of 1933 (the **"Securities Act"**), as amended.

"Parent" means a "parent corporation," whether now or hereafter existing, as defined in Article 2(4) of the Companies Act of Japan, or, with respect to Service Providers who are subject to U.S. income taxation, within the meaning of Section 424(e) of the Code.

"Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Article 2(3) of the Companies Act of Japan, or, with respect to Service Providers who are subject to U.S. income taxation, within the meaning of Section 424(f) of the Code.

"Service Provider" means an Employee, Director, Statutory Auditor or Consultant.

10. Restrictions on Assignment of Share Acquisition Rights

Any acquisition of Share Acquisition Rights by assignment must be approved by the board of directors of the Company; provided, further, that unless determined otherwise by the board of directors of the Company, Share Acquisition Rights with respect to a California employee may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the employee who was granted the Share Acquisition Rights, only by the employee who was granted the Share Acquisition Rights. If the board of directors of the Company makes any Share Acquisition Rights transferrable, such Share Acquisition Rights may be transferred only (i) by will, (ii) by the laws of descent and distribution, or (iii) as permitted by Rule 701 of the Securities Act. Further, until the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), or after the board of directors of the Company determines that it is, will, or may no longer be relying upon the exemption from registration under the Exchange Act as set forth in Rule 12h-1(f) promulgated under the Exchange Act (the “*Rule 12h-1(f) Exemption*”), the Share Acquisition Rights, or prior to exercise, the shares subject to the Share Acquisition Rights, may not be pledged, hypothecated or otherwise transferred or disposed of, in any manner, including by entering into any short position, any “put equivalent position” or any “call equivalent position” (as defined in Rule 16a-1(h) and Rule 16a-1(b) of the Exchange Act, respectively), other than to (i) persons who are “family members” (as defined in Rule 701(c)(3) of the Securities Act) through gifts or domestic relations orders, or (ii) to an executor or guardian of the recipient of the Share Acquisition Rights upon the death or disability of the recipient of the Share Acquisition Rights, in each case, to the extent required for continued reliance on the Rule 12h-1(f) Exemption. Notwithstanding the foregoing sentence, the board of directors of the Company, in its sole discretion, may determine to permit transfers to the Company or in connection with a change in control of the Company or other acquisition transactions involving the Company to the extent permitted by Rule 12h-1(f) or, if the Company is not relying on the Rule 12h-1(f) Exemption, to the extent permitted by the 2018 Plan.

11. Acquisition of Share Acquisition Rights by the Company

- (i) In the event (a) a merger agreement whereby the Company will become an absorbed company, (b) a share exchange agreement or a share transfer plan whereby the Company will become a wholly owned subsidiary company, or (c) an absorption-type corporate split agreement or an incorporation-type corporate split plan whereby the Company will become a splitting company (only limited to a corporate split whereby all or substantially all of the assets of the Company will be transferred) is approved by the general meeting of shareholders of the Company (or the board of directors of the Company if the approval at the general meeting of shareholders is not required), the Company may acquire the Share Acquisition Rights without consideration upon

such date as determined by the board of directors of the Company.

- (ii) In the event that a holder of the Share Acquisition Rights becomes unable to exercise his or her Share Acquisition Rights pursuant to Section 9 above, the Company may acquire the Share Acquisition Rights held by the holder without consideration.
- (iii) In the event that a holder of the Share Acquisition Rights becomes unable to exercise his or her Share Acquisition Rights pursuant to the Warrant Agreement to be executed between the Company and the holder, the Company may acquire the Share Acquisition Rights held by the holder without consideration.

12. Grant of Share Acquisition Rights and its Conditions in Case of Merger, Absorption-type Corporate Split, Incorporation-type Corporate Split, Share Exchange or Share Transfer.

In the case of a merger (limited to the merger where the Company is an absorbed company), absorption-type corporate split, incorporation-type corporate split, share exchange or share transfer (the **“Reorganization”**), share acquisition rights of the constituent company provided for in, Article 236, Paragraph (1), Item (8), Sub items (a) to (e) of the Companies Act of Japan (the **“Successor Company”**) will be granted to the holders of the Share Acquisition Rights which have not been exercised at the time when such Reorganization has become effective, in exchange for such Share Acquisition Rights in accordance with the following provisions; provided, however, that such share acquisition rights will be granted only if a merger agreement, an absorption-type corporate split agreement, an incorporation-type corporate split plan, a share exchange agreement or a share transfer plan provides that such share acquisition rights of the Successor Company will be granted.

- (i) The total number of the Successor Company’s share acquisition rights granted thereunder
The number reasonably determined, based on the number of the Share Acquisition Rights held by the holder, with taking into consideration the terms and conditions of the Reorganization.
- (ii) Type of shares of the Successor Company to be acquired
Common stock of the Successor Company
- (iii) Number of shares of the Successor Company that are subject to share acquisition rights granted thereunder
The number reasonably determined with taking into consideration the terms and conditions of the Reorganization; provided, however, that unless determined

otherwise by the board of directors of the Company, any such adjustment to a Share Acquisition Right held by an individual subject to U.S. income taxation will be adjusted in a manner that complies with Section 409A of the Code.

- (iv) Value of asset to be contributed upon exercise of share acquisition rights granted thereunder

The amount calculated as (i) the Exercise Price as provided for in Section 6 above multiplied by (ii) the number of shares of the Successor Company to be acquired upon exercise of one (1) share acquisition right granted thereunder; provided, however, that unless determined otherwise by the board of directors of the Company, any such adjustment to a Share Acquisition Right held by an individual subject to U.S. income taxation will be adjusted in a manner that complies with Section 409A of the Code.

- (v) Exercise period of share acquisition rights granted thereunder

From the effective date of the Reorganization to the Expiration Date.

- (vi) Conditions of exercise of share acquisition rights granted thereunder

The same as provided for in Section 9 above.

- (vii) Restrictions on acquisition of share acquisition rights granted thereunder by assignment

The same as provided for in Section 10 above.

13. Treatment of Fractional Shares resulting from the Exercise of Share Acquisition Rights

In the event the number of shares to be delivered to the holder of the Share Acquisition Rights who exercised the Share Acquisition Rights includes a fraction of a share, such fractional number shall be eliminated by rounding down to the nearest whole share.

14. Allotment Date of Share Acquisition Rights

May 15, 2018 (Japan Time)

TERMS AND CONDITIONS OF 12TH SHARE ACQUISITION RIGHTS

1. Name of Share Acquisition Rights

SanBio Company Limited the 12th Share Acquisition Rights (the “*Share Acquisition Rights*”).

2. Persons to whom Share Acquisition Rights are allocated, the number of such persons, and the number of Share Acquisition Rights allocated

One consultant of the Company (4,000 Share Acquisition Rights)

The above-listed total number of Share Acquisition Rights allocated is an expected amount, and if the total number of Share Acquisition Rights allocated decreases, including the case in which some of the employees do not apply for subscription, the number of Share Acquisition Rights actually allocated shall be considered as the total number of Share Acquisition Rights.

3. Type and Number of Shares Subject to Share Acquisition Rights

4,000 shares of common stock in the Company

In the event of stock split, stock consolidation, stock dividend, recapitalization, combination, reclassification, or other distribution of the Company’s equity securities without the receipt of consideration by the Company, of or on the Company’s common stock, then in accordance with Code Section 424 and, for any Share Acquisition Rights with respect to a California employee, Section 260.140.41 of the California Code of Regulations, the number of shares that are subject to the Share Acquisition Rights will be proportionately adjusted using the following formula; provided, however, that such adjustment shall only apply to the shares that are subject to the Share Acquisition Rights with respect to which the exercise thereof has not yet become effective at the time of such stock split, stock consolidation or other applicable transaction. Any fraction of a share resulting from such adjustment shall be rounded down to the nearest whole share.

Number of shares after adjustment

= (Number of shares before adjustment) x (ratio of stock split or stock consolidation, etc.)

In addition to the foregoing, in the event of allotment of shares without contribution or any other corporate action that would change in the number of issued shares of stock (excluding the number of treasury shares held by the Company) effected without receipt of consideration by the Company, the Company shall adjust the number of shares to be

acquired upon exercise as appropriate within a reasonable range taking into consideration the terms of such allotment of shares without contribution or such other corporate action, in each case in accordance with Code Section 424 and, for any Share Acquisition Rights with respect to a California employee, Section 260.140.41 of the California Code of Regulations.

4. Total Number of Share Acquisition Rights
4,000.

The number of shares to be acquired upon exercise of one (1) Share Acquisition Right (the “*Number of Shares per Right*”) equals one (1) share; provided, however, that, if the total number of shares that are subject to the Share Acquisition Rights has been adjusted pursuant to Section 3 above, the Number of Shares per Right shall be adjusted accordingly. The above-listed total number of Share Acquisition Rights allocated is an expected amount, and if the total number of Share Acquisition Rights allocated decreases, including the case in which some of the employees do not apply for subscription, the number of Share Acquisition Rights actually allocated shall be considered as the total number of Share Acquisition Rights.

5. Amount Payable per Share Acquisition Right and Calculation Method

The amount payable per Share Acquisition Right upon grant shall be an amount obtained by multiplying the Number of Shares per Right by the option price per share that is calculated using the Black–Scholes Model based on the basic parameters below.

The calculation method by the Black–Scholes Model is as follows:

$$C = Se^{-\lambda t} N(d_1) - e^{-rt} XN(d_2)$$

where

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \lambda + \frac{\sigma^2}{2}\right)t}{\sigma\sqrt{t}}, d_2 = d_1 - \sigma\sqrt{t}$$

- (i) Option price per share (*C*)
- (ii) Stock price (*S*): The closing price of the Company’s common stock in the regular transactions at the Tokyo Stock Exchange on May 15, 2018 (if no closing price is available on such date, the closing price of the Company’s common stock on the following trading day)
- (iii) Exercise price (*X*): the greater of: (a) the average value of the closing price of the Company’s common stock in the regular transactions at the Tokyo Stock Exchange on each day (excluding days when there is no trading) of the month

immediately prior to the month in which the date of grant falls (with any fraction resulting from the calculation to be rounded up to the nearest whole yen), or (b) the closing price as of the date of grant (if there is no trading on that day, the first closing price available for the date immediately prior to the said date)

- (iv) Expected remaining period (t): 5 years
- (v) Stock price volatility (σ): Stock price fluctuation rate calculated based on the closing price of the Company's common stock in the regular transactions on each trading day during the 3.1 years from the date of the listing of the Company's common stock on the Tokyo Stock Exchange to May 15, 2018
- (vi) Risk-free interest rate (r): Interest rate of government bonds whose remaining number of years corresponds to the expected remaining period
- (vii) Dividend yields (λ): Dividend per share (dividend paid for the fiscal year ended January 31, 2018) divided by the stock price specified in (ii) above
- (viii) Cumulative distribution function of standard normal distribution ($N(\cdot)$)

This issuance of Share Acquisition Rights does not constitute an issuance with favorable conditions. The holder of the Share Acquisition Rights is not required to make any payment of money; monetary receivables owed by the Company to the holder of the Share Acquisition Rights shall be set off in lieu of the holder of the Share Acquisition Rights paying the above amount to be paid in.

6. Description and Value of the Asset to be Contributed upon Exercise of Share Acquisition Rights

The asset to be contributed to the Company upon exercise of Share Acquisition Rights will be cash.

The value of the asset to be contributed upon exercise of the Share Acquisition Rights shall be the amount calculated as (i) the exercise price per share acquired upon exercise of the Share Acquisition Rights (the "**Exercise Price**"), multiplied by (ii) the Number of Shares per Right.

The Exercise Price shall be the greater of: (a) the average value of the closing price of Company's common stock on the Tokyo Stock Exchange on each day (excluding days when there is no trading) of the month immediately prior to the month in which the date of grant falls (with any fraction resulting from the calculation to be rounded up to the nearest whole yen), or (b) the closing price as of the date of grant (if there is no trading on that day, the first closing price available for the date immediately prior to the said date).

In the event of stock split, stock consolidation, stock dividend, recapitalization, combination, reclassification, or other distribution of the Company's equity securities

without the receipt of consideration by the Company, of or on the Company's common stock, then in accordance with Code Section 424 and, for any Share Acquisition Rights with respect to a California employee, Section 260.140.41 of the California Code of Regulations, the Exercise Price will be adjusted using the following formula; provided, however, that such adjustment shall only apply to the Exercise Price of the Share Acquisition Rights that have not been exercised at the time of such stock split, stock consolidation or other applicable transaction. Any fraction resulting from such adjustment shall be rounded up to the nearest whole yen.

$$\text{Exercise Price after adjustment} = \frac{\text{Exercise Price before adjustment}}{\text{Ratio of stock split or stock consolidation, etc.}}$$

In addition to the foregoing, in the event of allotment of shares without contribution or any other corporate action that would change in the number of issued shares of stock (excluding the number of treasury shares held by the Company) effected without receipt of consideration by the Company, the Company shall adjust the Exercise Price as appropriate within a reasonable range taking into consideration the terms of such allotment of shares without contribution or such other corporate action, in each case in accordance with Code Section 424 and, for any Share Acquisition Rights with respect to a California employee, Section 260.140.41 of the California Code of Regulations.

7. Exercise Period of Share Acquisition Rights

From May 15, 2018 (Japan Time) to March 12, 2028 (Japan Time) (the "**Expiration Date**").

8. Matters relating to Stated Capital and Capital Reserve to be Increased by Issuance of New Shares upon Exercise of Share Acquisition Rights

(i) The amount of stated capital of the Company to be increased by the issuance of shares upon exercise of the Share Acquisition Rights will be one-half of the maximum amount of increase of stated capital calculated in accordance with Article 17 of the Corporate Calculation Rules. Any amount less than one yen resulting from the calculation will be rounded up to the nearest yen.

(ii) The amount of capital reserves of the Company to be increased by the issuance of shares upon exercise of the Share Acquisition Rights will be the maximum amount of increase of stated capital described in (i) above less the amount of stated capital to be increased as set out in (i) above.

9. Conditions of Exercise of Share Acquisition Rights

- (i) If a holder of the Share Acquisition Rights ceases to be a Service Provider, the holder may only exercise his or her Share Acquisition Rights within three (3) months after the holder ceases to be a Service Provider to the extent that the Share Acquisition Rights are vested and exercisable on the date of termination (but in no event later than the Expiration Date).
- (ii) If a holder of the Share Acquisition Rights ceases to be a Service Provider as a result of the holder's Disability as defined in Section 22(e)(3) of the Code, the holder may only exercise his or her Share Acquisition Rights within one (1) year after the holder ceases to be a Service Provider to the extent that the Share Acquisition Rights are vested and exercisable on the date of termination (but in no event later than the Expiration Date).
- (iii) If a holder of the Share Acquisition Rights dies while the holder is a Service Provider, the Share Acquisition Rights may be exercised within one (1) year following the holder's death to the extent that the Share Acquisition Rights are vested and exercisable on the date of death (but in no event later than the Expiration Date) by the holder's heir(s).

In this Section 9, the following terms will have the following meanings:

“Employee” means any person employed by the Company or any Parent or Subsidiary of the Company. An Employee shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor.

“Director” means a director of the Company or any Parent or Subsidiary of the Company.

“Statutory Auditor” means a statutory auditor of the Company or any Parent or Subsidiary of the Company.

“Consultant” means any natural person who is engaged by the Company or any Parent or Subsidiary of the Company to render consulting or advisory services to such entity and who satisfies the requirements of subsection (c)(1) of Rule 701 under the U.S. Securities Act of 1933 (the ***“Securities Act”***), as amended.

“Parent” means a “parent corporation,” whether now or hereafter existing, as defined in Article 2(4) of the Companies Act of Japan, or, with respect to incentive

stock options (“*ISOs*”) within the meaning of Section 422 of the Code, within the meaning of Section 424(e) of the Code.

“*Subsidiary*” means a “subsidiary corporation,” whether now or hereafter existing, as defined in Article 2(3) of the Companies Act of Japan, or, with respect to ISOs, within the meaning of Section 424(f) of the Code.

“*Service Provider*” means an Employee, Director, Statutory Auditor or Consultant.

10. Restrictions on Assignment of Share Acquisition Rights

Any acquisition of Share Acquisition Rights by assignment must be approved by the board of directors of the Company; provided, further, that unless determined otherwise by the board of directors of the Company, Share Acquisition Rights with respect to a California employee may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the employee who was granted the Share Acquisition Rights, only by the employee who was granted the Share Acquisition Rights. If the board of directors of the Company makes any Share Acquisition Rights transferrable, such Share Acquisition Rights may be transferred only (i) by will, (ii) by the laws of descent and distribution, or (iii) as permitted by Rule 701 of the Securities Act. Further, until the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), or after the board of directors of the Company determines that it is, will, or may no longer be relying upon the exemption from registration under the Exchange Act as set forth in Rule 12h-1(f) promulgated under the Exchange Act (the “*Rule 12h-1(f) Exemption*”), the Share Acquisition Rights, or prior to exercise, the shares subject to the Share Acquisition Rights, may not be pledged, hypothecated or otherwise transferred or disposed of, in any manner, including by entering into any short position, any “put equivalent position” or any “call equivalent position” (as defined in Rule 16a-1(h) and Rule 16a-1(b) of the Exchange Act, respectively), other than to (i) persons who are “family members” (as defined in Rule 701(c)(3) of the Securities Act) through gifts or domestic relations orders, or (ii) to an executor or guardian of the recipient of the Share Acquisition Rights upon the death or disability of the recipient of the Share Acquisition Rights, in each case, to the extent required for continued reliance on the Rule 12h-1(f) Exemption. Notwithstanding the foregoing sentence, the board of directors of the Company, in its sole discretion, may determine to permit transfers to the Company or in connection with a change in control of the Company or other acquisition transactions involving the Company to the extent permitted by Rule 12h-1(f) or, if the Company is not relying on the Rule 12h-1(f) Exemption.

11. Acquisition of Share Acquisition Rights by the Company

- (i) In the event (a) a merger agreement whereby the Company will become an absorbed company, (b) a share exchange agreement or a share transfer plan whereby the Company will become a wholly owned subsidiary company, or (c) an absorption-type corporate split agreement or an incorporation-type corporate split plan whereby the Company will become a splitting company (only limited to a corporate split whereby all or substantially all of the assets of the Company will be transferred) is approved by the general meeting of shareholders of the Company (or the board of directors of the Company if the approval at the general meeting of shareholders is not required), the Company may acquire the Share Acquisition Rights without consideration upon such date as determined by the board of directors of the Company.
- (ii) In the event that a holder of the Share Acquisition Rights becomes unable to exercise his or her Share Acquisition Rights pursuant to Section 9 above, the Company may acquire the Share Acquisition Rights held by the holder without consideration.
- (iii) In the event that a holder of the Share Acquisition Rights becomes unable to exercise his or her Share Acquisition Rights pursuant to the Warrant Agreement to be executed between the Company and the holder, the Company may acquire the Share Acquisition Rights held by the holder without consideration.

12. Grant of Share Acquisition Rights and its Conditions in Case of Merger, Absorption-type Corporate Split, Incorporation-type Corporate Split, Share Exchange or Share Transfer.

In the case of a merger (limited to the merger where the Company is an absorbed company), absorption-type corporate split, incorporation-type corporate split, share exchange or share transfer (the ***“Reorganization”***), share acquisition rights of the constituent company provided for in, Article 236, Paragraph (1), Item (8), Sub items (a) to (e) of the Companies Act of Japan (the ***“Successor Company”***) will be granted to the holders of the Share Acquisition Rights which have not been exercised at the time when such Reorganization has become effective, in exchange for such Share Acquisition Rights in accordance with the following provisions; provided, however, that such share acquisition rights will be granted only if a merger agreement, an absorption-type corporate split agreement, an incorporation-type corporate split plan, a share exchange agreement or a share transfer plan provides that such share acquisition rights of the Successor Company will be granted.

- (i) The total number of the Successor Company’s share acquisition rights granted thereunder

The number reasonably determined, based on the number of the Share Acquisition Rights held by the holder, with taking into consideration the terms and conditions of the Reorganization.

- (ii) Type of shares of the Successor Company to be acquired
Common stock of the Successor Company

- (iii) Number of shares of the Successor Company that are subject to share acquisition rights granted thereunder

The number reasonably determined with taking into consideration the terms and conditions of the Reorganization; provided, however, that unless determined otherwise by the board of directors of the Company, any such adjustment to a Share Acquisition Right (x) intended to qualify as an ISO will be adjusted in a manner that complies with Section 424 of the Code, and (y) held by an individual subject to U.S. income taxation will be adjusted in a manner that complies with Section 409A of the Code.

- (iv) Value of asset to be contributed upon exercise of share acquisition rights granted thereunder

The amount calculated as (i) the price per share reasonably determined, based on the Exercise Price as provided for in Section 6 above, with taking into consideration the terms and conditions of the Reorganization, multiplied by (ii) the number of shares of the Successor Company to be acquired upon exercise of one (1) share acquisition right granted thereunder; provided, however, that unless determined otherwise by the board of directors of the Company, any such adjustment to a Share Acquisition Right (x) intended to qualify as an ISO will be adjusted in a manner that complies with Section 424 of the Code and (y) held by an individual subject to U.S. income taxation will be adjusted in a manner that complies with Section 409A of the Code.

- (v) Exercise period of share acquisition rights granted thereunder
From the effective date of the Reorganization to the Expiration Date.

- (vi) Conditions of exercise of share acquisition rights granted thereunder
The same as provided for in Section 9 above.

- (vii) Restrictions on acquisition of share acquisition rights granted thereunder by assignment
The same as provided for in Section 10 above.

13. Treatment of Fractional Shares resulting from the Exercise of Share Acquisition Rights

In the event the number of shares to be delivered to the holder of the Share Acquisition Rights who exercised the Share Acquisition Rights includes a fraction of a share, such fractional number shall be eliminated by rounding down to the nearest whole share.

14. Allotment Date of Share Acquisition Rights

May 15, 2018 (Japan Time)