# Introduction of the Executive Officer Performance Stock Option Plan and Issuance of Stock Acquisition Rights Under the Plan

**Tokyo, Japan and Cambridge, UK, 20 October 2026** – Nxera Pharma Co., Ltd. ("Nxera" or the "Company"; TSE: 4565) announces that its Compensation Committee has adopted the Nxera Pharma Co., Ltd. Executive Officer Performance Stock Option / Stock Acquisition Rights Plan (the "Plan"), a medium- to long-term performance-based compensation plan for the Company's three Executive Officers, and that its Board of Directors today resolved to issue the 36th Series Stock Acquisition Rights of the Company (the "Rights") under the Plan.

The Rights are divided into five tranches. Each tranche vests only if, during a five-year performance period, the arithmetic average of the daily volume-weighted average prices ("VWAPs") of the Company's common stock over any 20 consecutive trading days reaches the share price hurdle for that tranche. The hurdles range from JPY 2,200 to JPY 10,000. Because the Rights vest only if the share price rises substantially and stays at that level, the Plan aligns the interests of management with those of shareholders and supports the medium- to long-term development of the Company's business.

Alongside the introduction of the Plan, the Compensation Committee has committed to reviewing the level of future time-based awards of restricted stock units ("RSUs") to these Executive Officers, so that performance-based awards form a greater part of their long-term compensation. The Committee will carry out this review at its meeting in early 2027, in line with its usual compensation-setting process.

## 1. Purpose of and reasons for the Plan

In March 2019 the Company, then named Sosei Group Corporation, introduced RSU and performance share unit ("PSU") plans so that officers and employees would share with shareholders in the benefits and risks of share price movements and be encouraged to increase the Company's share price and corporate value.

The Compensation Committee has now adopted the Plan to link Executive Officer compensation more directly to sustained, long-term shareholder value creation. The Plan builds on the performance-linked approach of the PSU introduced in 2019, but uses stock acquisition rights rather than shares delivered after a performance period.

The Rights do not vest merely through the passage of time. They vest only if demanding share price hurdles are achieved on a sustained basis, measured using the average VWAP over 20 consecutive trading days. In addition, the Rights cannot in general be exercised for three years after allotment, which encourages continued efforts to increase the Company's corporate and shareholder value over the medium to long term.

The share price hurdles under the Plan are used solely to determine the vesting of the Rights. They do not constitute forecasts, targets or guarantees by the Company in relation to its future share price, market capitalization, financial performance or business plan.

## 2. Key terms of the Rights

| Item | Terms |
|---|---|
| **Participants** | Three Executive Officers of the Company |
| **Total number of Rights** | 66,500 Rights |
| **Class and number of shares underlying each Right** | 100 shares of common stock |
| **Class and maximum number of underlying shares** | 6,650,000 shares of common stock |
| **Consideration for the Rights** | No cash payment is required in exchange for the Rights |
| **Exercise price** | JPY 1 per share of common stock (a nominal amount, as is usual for stock options granted as compensation in Japan; the Rights may be exercised only if the share price hurdles are achieved) |
| **Allotment date** | 20 November 2026 |
| **Performance period** | Five years from the allotment date |
| **Exercise period** | From the third anniversary of the allotment date to the tenth anniversary of the allotment date (or the preceding banking day if that day is a bank holiday) |
| **Additional grants and related matters** | No additional Rights will be granted under the Plan, and Rights that lapse will not be regranted or reallocated |
| **Nature of issuance** | Performance-based compensation granted in consideration for the performance of duties. The issuance is not on particularly favorable terms. |

Further terms of the Rights are set out in the Appendix.

## 3. Participants and allocation

| Participant | Rights per tranche | Total Rights | Maximum underlying shares |
|---|---|---|---|
| Christopher Cargill<br>Chairman of the Board, Representative Executive Officer, President and CEO | 10,000 | 50,000 | 5,000,000 |
| Hironoshin Nomura<br>Executive Officer and CFO | 2,200 | 11,000 | 1,100,000 |
| Toshihiro Maeda<br>Executive Officer and COO | 1,100 | 5,500 | 550,000 |
| **Total** | 13,300 | 66,500 | 6,650,000 |

The Compensation Committee determined the above allocations after taking into account, on a comprehensive basis, each participant's responsibilities for Group-wide strategy, financial and capital

policy and business operations, as well as the role expected of each participant in achieving the objectives of the Plan.

## 4. Share price hurdles and vesting conditions

The Rights allotted to each participant are divided into five equal tranches, each subject to a share price hurdle.

| Tranche | Share price hurdle | Rights (all participants) | Underlying shares | Cumulative underlying shares |
|---|---|---|---|---|
| 1 | JPY 2,200 | 13,300 | 1,330,000 | 1,330,000 |
| 2 | JPY 3,350 | 13,300 | 1,330,000 | 2,660,000 |
| 3 | JPY 4,500 | 13,300 | 1,330,000 | 3,990,000 |
| 4 | JPY 6,500 | 13,300 | 1,330,000 | 5,320,000 |
| 5 | JPY 10,000 | 13,300 | 1,330,000 | 6,650,000 |

A share price hurdle will be deemed achieved if, during any period of 20 consecutive trading days within the performance period, the arithmetic average of the daily VWAPs of the Company's common stock is at or above the applicable hurdle. The hurdle will be deemed achieved on the last trading day of the relevant 20-trading-day period. Achievement will be tested on a rolling basis.

Each tranche will vest only if the participant is an Executive Officer of the Company on the date the applicable share price hurdle is achieved. Any tranche whose share price hurdle has not been achieved by the end of the performance period will lapse in full.

## 5. Other principal terms

| Item | Principal terms |
|---|---|
| **Exercise after vesting** | Vesting and exercisability are separate. A tranche that vests before the third anniversary of the allotment date will become exercisable on that third anniversary, while a tranche that vests on or after the third anniversary will become exercisable on its vesting date. In all cases, the Rights must be exercised by the tenth anniversary of the allotment date. |

| Item | Principal terms |
|---|---|
| **Treatment upon cessation of office** | A participant is a Good Leaver if they cease to be an Executive Officer by reason of death, ill-health, injury or disability, retirement, expiration of their term of office without reappointment other than for cause, or written mutual agreement, or in other circumstances that the Compensation Committee determines, consistently with the Compensation Policy, to be Good Leaver circumstances. A Good Leaver keeps only tranches that have vested by the date of cessation, exercisable for twelve (12) months from the later of that date and the first day of the exercise period, and in no case after the end of the exercise period. Unvested tranches lapse on cessation in every case, so no tranche can vest after a participant leaves, whatever the share price does. A Bad Leaver (including on resignation or on dismissal or removal for cause) forfeits all Rights, vested or unvested. On the death of a participant, their heirs or personal representatives may exercise tranches that had vested at death, within the period applicable to a Good Leaver. |
| **Malus and clawback** | The Compensation Committee may apply malus (the reduction, cancellation or lapse of unvested or unexercised Rights, in whole or in part) or clawback (the recovery from a participant of shares delivered on exercise, the proceeds of their sale, or an equivalent cash amount) where any of the following arises: (a) a material misstatement or restatement of the Group's financial results, (b) a material error in the data or calculations used to determine an award or the achievement of a share price hurdle, (c) serious misconduct, fraud, or a material breach of law or internal policy by the participant, (d) conduct by the participant causing material reputational or financial harm to the Group, or (e) the discovery, after cessation of service, of facts that would have justified the lapse or reduction of the participant's Rights, or the participant's classification as a Bad Leaver, had they been known at the time. |
| **Change of control** | Where a Reorganization (a merger, company split, share exchange or share transfer of the kind described in the Appendix) is approved, or a tender offer or other transaction results, or would on completion result, in a person holding a majority of the voting rights in the Company, vested tranches may be exercised during a period set by the Board of Directors, even before the exercise period begins. An unvested tranche vests in these circumstances only if the price per share offered or payable in the transaction is at or above its share price hurdle, and may then be exercised during the same period. Unvested tranches whose hurdles are above the transaction price lapse or are replaced in accordance with the terms and conditions of the Rights. The participants therefore benefit from a change of control only to the extent that shareholders are offered a price at or above the relevant share price hurdles. |
| **Transfer and adjustments** | Under the Plan and the allotment agreement with each participant, the Rights may not be transferred, pledged or otherwise disposed of. Under the terms and conditions of the Rights, any acquisition of the Rights by transfer also requires the approval of the Board of Directors, which the Board does not intend to give. If the Company carries out a stock split or stock consolidation, the number of shares underlying each Right and each share price hurdle will be adjusted in proportion, so that the economic difficulty of achieving each hurdle is preserved. On a merger, company split, capital reduction or other similar corporate event, the number of shares and the hurdles will be adjusted as appropriate, so as neither to enlarge nor to diminish the participants' position. The detailed adjustment terms are set out in the Appendix. |

## 6. Potential dilution and alignment with shareholder value

If all of the Rights vest and are exercised, the maximum number of shares of the Company's common stock to be delivered will be 6,650,000, equivalent to approximately 7.2% of the Company's 92,615,359 issued shares as at 20 October 2026.

However, for this maximum potential dilution to arise, all share price hurdles, including the final JPY 10,000 hurdle, must be achieved during the five-year performance period, the participants must satisfy the service and other exercise conditions, and all of the Rights must actually be exercised. Each tranche represents potential dilution of approximately 1.4%. If only Tranches 1 and 2 are achieved and exercised, cumulative potential dilution would be approximately 2.9%.

When it granted RSUs in 2024, the Company announced a limit under which the cumulative number of shares issued or delivered under its equity compensation plans would not exceed 10% of its total issued shares. That limit was set in connection with the 2024 RSUs and would have ceased to apply once they finish vesting in May 2027. Because the Plan is being introduced before then and, together with existing awards, would exceed the limit, the Company has decided to remove it now. Dilution under the Plan is instead limited by the fixed maximum of 6,650,000 shares, the prohibition on any further grants under the Plan, and the demanding share price hurdles described above.

As noted above, the Compensation Committee has also committed to reviewing the level of future time-based RSU awards to these Executive Officers in early 2027, so that performance-based awards form a greater part of their long-term compensation.

Taking into account the demanding and sustained share price hurdles, the three-year exercise restriction, the lapse of tranches whose hurdles are not achieved, the prohibition on regranting or reallocating lapsed Rights, and the Compensation Committee's commitment to review future time-based RSU awards, the Compensation Committee and the Board of Directors have determined that the potential dilution resulting from the issuance of the Rights is reasonable in relation to the creation of long-term shareholder value.

## 7. Accounting treatment and impact on consolidated financial results

The fair value of the Rights as at the grant date under IFRS 2 will be determined by an independent third-party valuation adviser using a valuation methodology that reflects the Company's share price, share price volatility, the applicable share price hurdles, the performance period and the other terms of the Rights. The Company expects to recognize share-based payment expense over the applicable period for each tranche in accordance with IFRS 2, Share-based Payment.

The impact of this matter on the Company's consolidated financial results for the year ending 31 December 2026 is currently under review. The Company will promptly announce any matter requiring disclosure if and when it arises.

## Appendix: Further terms of the 36th Series Stock Acquisition Rights

This Appendix sets out further terms of the Rights. In this Appendix, "Rights Holder" means a holder of the Rights.

| Item | Terms |
|---|---|
| **Matters concerning capital and capital reserve to be increased upon exercise** | (i) The amount of capital to be increased in the event that new shares are issued upon exercise of the Rights shall be one half of the maximum amount of increase in capital, etc., calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any amount of less than one yen rounded up.<br>(ii) The amount of increase in the capital reserve shall be the maximum amount of increase in capital, etc. referred to in item (i), less the amount of capital increased under item (i). |
| **Restriction on acquisition through transfer** | Any acquisition of the Rights through transfer shall require approval by resolution of the Board of Directors of the Company. |
| **Adjustment of the number of shares and the share price hurdles** | If, after the allotment date, the Company conducts a stock split (including any allotment of shares without contribution) or a stock consolidation, the number of shares underlying each Right will be adjusted by multiplying it by the ratio of the split or consolidation. The adjustment will be made only in respect of unexercised Rights, and any fraction of a share resulting from the adjustment will be rounded down. The adjusted number will apply on and after the day following the record date of the stock split (or its effective date, if no record date is fixed) or on and after the effective date of the stock consolidation. In the case of a stock split or stock consolidation, each share price hurdle will at the same time be adjusted by dividing it by the split ratio or multiplying it by the consolidation ratio, rounded to the nearest yen. If, after the allotment date, the Company conducts a merger, company split or capital reduction, or in any other similar case where an adjustment is required, the Company will adjust the number of shares underlying each Right and the share price hurdles as appropriate. |
| **Acquisition of the Rights** | In the event that a merger agreement under which the Company would be the dissolving company, an agreement or plan for a company split under which the Company would be split, or a share exchange agreement or share transfer plan under which the Company would become a wholly owned subsidiary, is approved by the General Meeting of Shareholders (or by resolution of the Board of Directors where approval by the General Meeting of Shareholders is not required), the Company may acquire without contribution all of the Rights on a date determined separately by the Board of Directors, provided that the prescribed exercise opportunity has first been given.<br>In the event that a Rights Holder can no longer exercise Rights, or where the Compensation Committee applies malus under the Plan, the Company may acquire those Rights without contribution. |

| Item | Terms |
|---|---|
| **Handling of the Rights upon Reorganization** | In the event that the Company conducts a merger (limited to cases where the Company is dissolved in the merger), an absorption-type company split (limited to cases where the Company is the splitting company), an incorporation-type company split, a share exchange or a share transfer (in each of the last two cases, limited to cases where the Company becomes a wholly owned subsidiary) (collectively, a "Reorganization"), stock acquisition rights of one of the stock corporations listed in Article 236, Paragraph 1, Item 8, (a) through (e) of the Companies Act (the "Reorganized Company") shall be delivered to the Rights Holders holding Rights remaining at the time the Reorganization takes effect, in accordance with the following conditions. In this case, the remaining Rights will be extinguished and the Reorganized Company shall issue new stock acquisition rights. The foregoing applies only where the delivery of stock acquisition rights of the Reorganized Company, in accordance with the following conditions, is provided for in the relevant merger agreement, company split agreement or plan, share exchange agreement or share transfer plan:<br>(1) Number of stock acquisition rights of the Reorganized Company to be delivered: the same number as the Rights held by each Rights Holder.<br>(2) Class of shares of the Reorganized Company to be delivered upon exercise: common stock of the Reorganized Company.<br>(3) Number of shares of the Reorganized Company to be delivered upon exercise: to be determined in accordance with "Class and number of shares underlying each Right" in section 2, taking into account the terms of the Reorganization.<br>(4) Value of assets to be contributed upon exercise: the exercise price after the Reorganization, being one (1) yen per share, multiplied by the number of shares determined under item (3).<br>(5) Exercise period: from the later of the first day of the exercise period set out in section 2 and the effective date of the Reorganization, to the last day of the exercise period set out in section 2.<br>(6) Matters concerning capital and capital reserve: to be determined in accordance with "Matters concerning capital and capital reserve to be increased upon exercise" above.<br>(7) Restriction on acquisition through transfer: acquisition through transfer shall require approval by resolution of the board of directors of the Reorganized Company.<br>(8) Other conditions for exercise: to be determined in accordance with the conditions for exercising the Rights, with the share price hurdles adjusted as appropriate to the terms of the Reorganization.<br>(9) Reasons and conditions for acquisition: to be determined in accordance with "Acquisition of the Rights" above. |
| **Certificates for the Rights** | Certificates for the Rights shall not be issued. |

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**About Nxera Pharma**

Nxera Pharma is a technology powered biopharma company in pursuit of new specialty medicines to improve the lives of patients with unmet needs in Japan and globally. The Company has built an agile, new-generation commercial business in Japan to develop and commercialize innovative medicines, including several launched products, to address this high-value, large and growing market and those in the broader APAC region. In addition, the Company is advancing an extensive pipeline internally and in partnership with leading pharma and biotech companies, powered by its unique NxWave™ GPCR structure-based drug discovery platform. Nxera Pharma operates at key locations in Tokyo and Osaka (Japan), London and Cambridge (UK), Basel (Switzerland) and Seoul (South Korea) and is listed on the Tokyo Stock Exchange (ticker: 4565).

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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 Nxera Pharma Group'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.