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Announcement of Issuance of Series 17 to 19 Moving Strike Warrants, Conclusion of a Warrant Purchase Agreement, and Issuance of Unsecured Bonds (Private Placement Bonds)

BrightPath Biotherapeutics Co., Ltd. (“BrightPath” or the “Company”) announces that the Company’s board of directors approved, at its meeting held on June 19, 2024, a resolution to issue the 17th, 18th and 19th series of moving strike warrants (“Series 17 warrants”, “Series 18 warrants” and “Series 19 warrants” respectively, and “Warrants” individually or collectively) to EVO FUND, a prospective allottee (“EVO FUND” or the “Allottee”) and to conclude a purchase agreement for the Warrants with EVO FUND (the “Purchase Agreement”) after the relevant notification filed under the Financial Instruments and Exchange Act of Japan becomes effective, and to issue the 3rd series of unsecured bonds through a private placement (“Bonds”). The fund procurement to be effected through the issuance of the Warrants followed by their exercise and the issuance of the Bonds is hereinafter referred to as the “Fundraising” or “Fundraising Scheme.”

Together with the approval of this resolution, the board of directors approved the Company’s acquisition and cancellation of the 16th series of moving strike warrants (“Series 16 warrants”) issued by the Company on November 30, 2023.

1. Outline of the Offering

1	Allotment date	July 5, 2024
2	Total number of warrants to be issued	360,000 warrants Series 17 warrants: 150,000 warrants Series 18 warrants: 120,000 warrants Series 19 warrants: 90,000 warrants
3	Issue price	Total amount of issue: 2,670,000 yen Series 17 warrants: 9 yen per warrant Series 18 warrants: 8 yen per warrant Series 19 warrants: 4 yen per warrant
4	Number of potential shares issuable	36 million shares (100 shares per warrant) There is no upper limit on the exercise price. The minimum exercise price for each series of the Warrants is 32 yen. If all the Warrants are exercised at the minimum exercise price, the number of shares to be issued is 36 million shares.
5	Amount of funds to be raised	2,232,670,000 yen (note)
6	Exercise price and conditions for moving the exercise price	Initial exercise price for Series 17 warrants: 62 yen Initial exercise price for Series 18 warrants: 62 yen Initial exercise price for Series 19 warrants: 64 yen

(1) Series 17 warrants and Series 18 warrants

The exercise prices for Series 17 warrants and Series 18 warrants are subject to the initial revision on the trading day immediately following the allotment date and the subsequent revision on each trading day thereafter. In this regard, a “trading day” means a day on which a trading session is held on the Tokyo Stock Exchange. The date for revising the exercise price on any trading day as described above and the date for revising the exercise price for Series 19 warrants described in paragraph (2) below are respectively referred to as “Revision Date.” On each Revision Date, the exercise price for Series 17 warrants and Series 18 warrants will be revised to an amount equal to 96% of the closing price of the Company’s common stock in regular trading published by the Tokyo Stock Exchange on the trading day immediately preceding the Revision Date (“Calculation Date”), rounded down to the nearest one yen. The exercise price applicable after such revision and the exercise price for Series 19 warrants revised in accordance with paragraph (2) below are respectively referred to as “Revised Exercise Price.” If, however, the Revised Exercise Price obtained in such calculation falls below the minimum exercise price, the minimum exercise price will be adopted as the Revised Exercise Price. In the event there is no applicable closing price on any Calculation Date, the exercise price then in effect will remain unrevised. If an event triggering an adjustment to the exercise price described in Section 11 of the Terms and Conditions for the Warrants occurs, the exercise price and minimum exercise price then in effect may be adjusted accordingly.

(2) Series 19 warrants

The exercise price for Series 19 warrants is subject to the initial revision on the trading day immediately following the allotment date and the subsequent revision on the third trading day after the immediately preceding Revision Date. On each Revision Date, the exercise price will be revised to an amount equal to either: (a) the average value of the closing prices of the Company’s common stock in regular trading published by the Tokyo Stock Exchange on the three consecutive trading days immediately preceding the Revision Date, but excluding the days on which no closing price is available (“Calculation Period”), rounded down to the nearest one yen, or (b) 90% of the closing price of the Company’s common stock in regular trading published by the Tokyo Stock Exchange on the trading day immediately preceding the Revision Date, rounded down to the nearest one yen, whichever is the higher. If, however, a revised exercise price calculated above is to fall below the minimum exercise price, the minimum exercise price will be adopted as the Revised Exercise Price. In the event there is no applicable closing price on all the trading days of any Calculation Period, the exercise price then in effect will remain unrevised. If an event triggering an adjustment to the exercise price described in Section 11 of the Terms and Conditions for the Warrants occurs, the exercise price and minimum exercise price then in effect may be adjusted accordingly.

7 Method of offering or allotment (Allottee candidate)	To be allotted to EVO FUND (the Allottee) by way of the so-called third-party allotment, that is, allotment of securities to specified third parties (which may include specific existing shareholders)
8 Exercise period	(1) Series 17 warrants and Series 18 warrants From July 8, 2024 to July 7, 2026 (2) Series 19 warrants From July 8, 2024 to July 7, 2027
9 Other terms and conditions	After the Company's securities registration statement for the Warrants filed under the Financial Instruments and Exchange Act of Japan comes into effect, the Company will enter into the Purchase Agreement with EVO FUND. The Purchase Agreement is going to stipulate that the Allottee's transfer of the Warrants will be subject to the approval of the Company's board of directors.

Note: The total amount of funds to be raised through the issuance of the Warrants is the sum of the total issue price of the Warrants and the total value to be contributed through warrant exercise, minus an estimated amount of various expenses related to the issuance of the Warrants. If the exercise price is revised or adjusted, the amount of funds to be raised will vary accordingly. The amount of funds to be raised may decrease if some Warrants are not exercised within the specified exercise period, or if the Company acquires and cancels some Warrants. The total value to be contributed through warrant exercise, as referred to above, is calculated on the assumption that all the Warrants are exercised at the initial exercise price. The amount of funds to be actually procured by the Company may differ from the figures stated in this table, depending on market conditions in the future.

2. Purpose and Reason for the Offering

BrightPath is a clinical-stage biopharmaceutical company dedicated to the development of innovative cancer treatment with the mission of creating a world where cancers will become a curable disease. To achieve this mission, the Company has been devoting itself to developing cancer immunotherapy drugs, which have a mechanism of killing cancer cells with use of the immune system in the body.¹ Presently, the Company is focusing its management resources on the development of cell therapy agents and antibody drugs, rather than other types of medicine. Among others, the Company is planning to spend the proceeds from the Fundraising for the following two objectives.

One is to promote preparatory activities to manufacture cells necessary for starting clinical trials for the prototype product of BP2202 in the United States. BP2202 is the allogeneic CAR-T platform using NKT cells manufactured from iPS cells (CAR-iPSNKT).^{2,3} This platform exhibits the Company's outstanding originality worldwide. The other is the effort to gather data in the ongoing antibody drug pipelines, which is the last critical step for their commercialization and licensing to pharmaceutical companies.

Since the Company has been procuring new funds in phases in step with the exercise of the existing warrants, the Company is going to seek alliances or partnering to further obtain funds for collaborative development in anticipation of the licensing to pharma companies as aforesaid.

The Company's allogeneic CAR-T platform (CAR-iPSNKT) has a potential to bring innovation to treatment of hematologic cancers. After the mechanism of action of autologous CAR-T cells had been verified in clinical settings, the evolution of CAR-T cell therapy has been leveling off and remaining in a state of being unable to find a path to improvement and develop next-generation products. In this situation, the Company believes that a unique feature of NKT cells is likely to make a breakthrough, which are used in the Company's platform as effector CAR-T cells. NKT cells are characterized by the immunostimulatory function to activate surrounding dendritic

cells and T-cells. Unlike autologous CAR-T cells, allogeneic CAR-T cells manufactured from non-diseased donors' blood are pressured into being eliminated by the patient's immune system when given to the patient. Therefore, allogeneic CAR-T cells are inferior to autologous CAR-T cells in respect of durable antitumor effects and clinical efficacy. In contrast, iPS cell-derived NKT cells, which are adopted in the Company's platform, can promote patients' endogenous T-cell immunity and help their immune cells eliminate cancer cells. In the environment where the long-term effects of next-generation CAR-T cell products are yet to be demonstrated in clinical settings, the Company's strategy of using iPS cell-derived NKT cells is expected to radically reshape the competitive landscape.

The Company plans to reinforce its efforts to develop CAR-iPSNKT cells in the United States. This is firstly because the US has a climate and culture supportive of clinical studies of pioneering drugs and secondly because major pharmaceutical firms, which are the Company's prospective licensees, consider the US as a major drug market and intend to focus on drug development activities there. On the assumption that the Company will conduct a Phase 1 clinical trial for allogeneic CAR-T cell therapy, for which preparatory activities will start soon, the manufacture of the investigational drug for this trial is going to be outsourced to a US contract development and manufacturing organization (CDMO). The process for selecting a CDMO is underway, with a particular focus on whether the cell therapy agent can be properly manufactured at an adequate site. Although recent trends in the foreign exchange market seem to significantly affect the Company's burden of development costs, taking on the challenge in the US will be a path to successful commercialization of this allogeneic CAR-T platform for the Company as a drug discovery startup.

The proceeds from the Fundraising will be used for the preparatory activities for this Phase 1 clinical trial, which include, among others: the creation of a master cell bank for cell lines manufactured by transducing CAR-T cells into iPS cells, the transfer of a NKT cell manufacturing technology from the Company to the CDMO, i.e., the technology for differentiation of iPS cells and proliferation of NKT cells, manufacturing tests at the CDMO's factory, and tumorigenicity assessment (non-clinical tests).

In the ongoing antibody drug pipelines, the Company's recent efforts focus on redefining target product profiles (TPP), in order to clarify pharmacological properties and underlying mechanisms of the antibody drugs and to identify unmet medical needs for specific diseases that can be properly addressed by those antibody drugs. In the advanced development stage of the Company's antibody therapeutics program, an antibody drug targeting specific molecules was created. Based on the outcomes of its clinical trials, the Company was able to find certain disadvantages and pharmacological effects different from those initially expected. This helped the Company redefine a direction that the Company should take, and the latest scientific advances have enabled the Company to identify the field where the Company's findings described above can be leveraged to the fullest extent. By exploiting a highly differentiated position of the Company's antibody development program, the Company is pursuing licensing to pharmaceutical firms. During the course of negotiating with prospective licensees, the Company may probably need to conduct non-clinical studies to confirm pharmaceutical benefits, pharmacological effects and pharmacokinetics necessary for supporting the preclinical data. The proceeds from the Fundraising will be used for such data gathering activities.

In 2023, the Company discontinued the Phase 2 clinical trial of the cancer peptide vaccine GRN-1201 conducted in the US, for which non-clinical studies had commenced in 2014. During the COVID-19 pandemic, the Phase 2 trial for GRN-1201 was delayed while other competing new drugs were discovered or launched. These situations made it difficult to find a commercial path for GRN-1201, and the Company was forced to revisit the indications and trial protocols in an attempt to make a fresh start in a different setting. Although the Company approached over 100 globally operating firms including Chinese pharma companies to find a partner for collaborative development, this effort ended in vain under the circumstances where new drugs have been

appearing one after another. As a result of prioritizing both R&D and business development projects, the Company abandoned the resumption of GRN-1201. Regarding the fully-personalized neoantigen vaccine for which the Company embarked on research studies in 2018, it has been developed into an advanced version called BP1209, capable of more enhanced delivery of antigens.⁴ After confirming its antitumor efficacy in an animal model, the Company entered the stage of non-clinical studies and formulation development to prepare for clinical trials. However, the Company has decided to exclude BP1209 from the scope of prioritized investment of the proceeds from the Fundraising because the Company has chosen to give priority to cell therapy agent and antibody drug pipelines.

For the fiscal year ended March 2024, the Company recorded 1,168 million yen of net loss mainly due to spending for R&D activities before earning income. As of the end of March 2024, the Company held 1,057 million yen of cash and deposits. This value is nearly equal to the funding for the new fiscal year since the projected net loss for the fiscal year ending March 2025 is 927 million yen, as publicly announced on May 10, 2024. In order to steadily promote R&D efforts in the prioritized areas as explained above, the Company needs to secure a considerable amount of development funds, while increasing cash reserves and maintaining liquidity to stably operate business. From this viewpoint, the Company's present financial condition stands at a level requiring capital reinforcement. For the purpose of covering business funds for the full year from now on to push ahead with the development based on the iPS-NKT cell platform and continue the research and development investment focused on cell therapy agents and antibody drugs, the Company needs to secure expeditious funding in a way not detrimental to the interests of existing shareholders. For this reason, the Company has resolved the Fundraising on this occasion.

On November 30, 2023, the Company issued Series 16 warrants and allotted 156,600 warrants (15,660,000 shares) to Macquarie Bank Limited under the scheme called third-party allotment, that is, allotment of securities to specified third parties. Since 82,501 warrants (8,250,100 shares) had been exercised till today, the total amount procured by the Company from Series 16 warrants remains at 600,082,000 yen, representing the sum of the total issue price of 2,722,000 yen and the total exercise price of 597,360,000 yen (580,082,000 yen on a net basis, after deducting issue expenses). Presently, the Company's stock price is hovering around 57 yen. This figure is equal to the minimum exercise prices for Series 16 warrants. Since April 2024 until now, that is, till the date of filing the securities registration statement for the Warrants and the Bonds, Series 16 warrants brought 23,132,000 yen in total as a result of the exercise of 4,000 warrants (400,000 shares). In light of the recent trends in the warrant holder's exercise, the Company is anxious about a slowdown in the planned fund procurement. Under these circumstances, the Company determined that it would be necessary to procure new funds in terms of the Company's capital policy, more specifically, to issue new warrants after acquiring and canceling unexercised Series 16 warrants. The Company has therefore passed a resolution to acquire all remaining Series 16 warrants on July 18, 2024 and then immediately cancel them. Regarding the use of the funds procured from Series 16 warrants, please see Section 11.4.2 (Series 16 warrants (issued under the scheme of third-party allotment)). BrightPath Biotherapeutics Co., Ltd. Series 2 Unsecured Bonds, which had been issued concurrently with Series 16 warrants, were fully redeemed in April 2024.

<Description of the acquisition and cancellation of Series 16 warrants>

1	Security name	BrightPath Biotherapeutics Co., Ltd. Series 16 Warrants
2	Date of acquisition	July 18, 2024
3	Number of warrants to be acquired and total value of acquisition (note)	74,099 warrants of Series 16 warrants 33 yen per warrant (2,445,267 yen in total)

4	Date of cancellation	July 18, 2024
5	Number of warrants remaining unexercised after the cancellation	Zero

Note: The number of warrants to be acquired and the total value of acquisition are calculated on the assumption that Series 16 warrants will no longer be exercised on and after today.

<Glossary>

1. Immunity

A system consisting of specific cells, tissues and organs for protecting the body against foreign substances such as viruses or pathogens and internal enemies such as cancer cells.

2. NKT cell

NKT cells are immune cells having the ability to directly kill cancer cells and at the same time having an adjuvant action that activates other immune cells. When activated, NKT cells produce a variety of cytokines and promote the activation of NK cells belonging to the innate immune system and the maturation of dendritic cells. Mature dendritic cells further proliferate and activate cytotoxic T-cells (CTL) belonging to the acquired immune system, thereby synergistically enhancing anti-tumor effects. At the same time, NKT cells can activate the innate immune system and induce the ability of killing MHC-negative tumor cells, which cannot be killed by T-cells.

3. CAR-T cell

A chimeric antigen receptor T-cell, or CAR-T cell, is an immune cell called "T-cell" into which a chimeric antigen receptor (CAR) that recognize tumor cells of specific types of cancer is transduced. Cell therapy is a method of treatment by proliferating CAR-transduced T-cells outside the patient's body and infusing them into the patient, classified into autologous cell therapy using T-cells collected from the patient and allogeneic cell therapy using T-cells collected from a non-diseased donor. Allogeneic cell therapy can apply to many different patients, without dependence on types of human leukocyte antigens (HLA).

4. Fully-personalized neoantigen vaccine

A tailor-made cancer vaccine that searches for neoantigens in cancer cells of individual patients. The clinical trials for some fully-personalized neoantigen vaccines are underway outside Japan.

3. Overview of the Proposed Fundraising and Reasons for such Proposal

3.1 Overview of the Fundraising

BrightPath examined the possibility of fundraising through indirect financing in light of the Company's financial standing and business deployment planning, as well as the ways of raising funds through direct financing. In the course of seeking suitable financing solutions, BrightPath has decided to issue the Warrants and the Bonds under the scheme called third-party allotment (allotment of securities to specified third parties, which may include existing shareholders), as proposed by EVO FUND. This decision is based on the comparison with other financing alternatives described in Section 3.4 below, after comprehensively considering the advantages and disadvantages explained in Section 3.3. The Fundraising as proposed is characterized by a scheme of concurrently issuing the Warrants and the Bonds to the Allottee whereby the amounts paid by the Allottee upon warrant exercise will be used as funds available to the Company's business and as the source for redeeming the Bonds. This scheme enables the Company to procure a certain amount of funds before the Warrants are exercised. The Warrants and the Bonds are outlined as follows.

3.1.1 Warrants

The Company will issue and allot 360,000 Warrants to the Allottee in total, which consist of Series 17 warrants and Series 18 warrants exercisable for a period of two years and Series 19 warrants exercisable for a period of three years. Then, the Allottee's exercise of those Warrants will bring about an increase in the Company's capital.

The outline of the Warrants is as follows. Since the number of the Company's shares covered by one Warrant is fixed at 100 shares, the total number of the Company's shares covered by all those Warrants is 36 million shares.

The Allottee can, in principle, exercise the Warrants at its sole discretion. Series 17 warrants will be exercisable on and after the business day immediately following the payment date. Regarding Series 18 warrants and Series 19 warrants, the blackout periods will be stipulated in the Purchase Agreement, which will be concluded between the Company and the Allottee after the Company's relevant notification filed under the Financial Instruments and Exchange Act of Japan comes into effect. The Allottee will be prohibited from exercising Series 18 warrants for the period of 12 months commencing on the trading day immediately following the payment date and exercising Series 19 warrants for the period of 24 months commencing on the trading day immediately following the payment date. If, however, there are unredeemed Bonds, Series 18 warrants can be exercised at any time after Series 17 warrants have been fully exercised, and Series 19 warrants can be exercised at any time after Series 18 warrants have been fully exercised, even before the expiration of the time frame specified respectively in the preceding sentence. In addition, the Company can instruct the Allottee to exercise Series 18 warrants or Series 19 warrants, as the case may be, in whole or in part, before the expiration of the specified time frame in the event that the Company cannot procure funds as scheduled due to stock price fluctuations or for any other reason. If the Company provides such instruction, the Allottee may exercise Series 18 warrants or Series 19 warrants, as the case may be, on or after the trading day immediately following the day designated by the Company, within a range not exceeding the quantity designated by the Company. If the Company decides to instruct any such accelerated exercise, the Company will publicly disclose this decision in a timely manner.

Series 18 warrants and Series 19 warrants are designed to allow the Company to acquire all or part of remaining unexercised warrants and partly cancel the Fundraising upon occurrence of any predefined event. Such events include, for example, the case where the Company no longer needs to procure new funds after redeeming the Bonds and the case where the Company needs to choose a different financing solution in the wake of changing circumstances.

The issuance of three series of warrants with staggered exercise periods is expected to prevent existing shareholders' equity ownership from being rapidly diluted within a short period. In addition, the Company can ask for accelerated exercise of warrants for any specific series or acquire remaining unexercised warrants. In this way, the Fundraising Scheme as proposed is designed to enable the Company to control the quantities and timing for exercise of the Warrants at some level in light of the Company's funding needs or other circumstances.

The exercise price for Series 17 warrants and Series 18 warrants will be revised for the first time on the trading day immediately following the allotment date and then revised on each subsequent trading day. On each such Revision Date, the exercise price will be revised to an amount equal to 96% of the closing price of the Company's common stock in regular trading published by the Tokyo Stock Exchange on the trading day immediately preceding the Revision Date (or, if no closing price is available on that trading day, the closing price on its immediately preceding trading day), rounded down to the nearest one yen. If, however, the Revised Exercise Price obtained in this calculation falls below the minimum exercise price, the minimum exercise price will be adopted as the Revised Exercise Price. Regarding Series 19 warrants, the exercise price will be revised for the first time on the trading day immediately following the allotment date and then revised on the third trading day after the immediately preceding revision. On each Revision

Date, the exercise price will be revised to an amount equal to either: (a) the average value of the closing prices of the Company's common stock in regular trading published by the Tokyo Stock Exchange on the three consecutive trading days immediately preceding the Revision Date, but excluding the days on which no closing price is available, or (b) 90% of the closing price of the Company's common stock in regular trading published by the Tokyo Stock Exchange on the trading day immediately preceding the Revision Date, rounded down to the nearest one yen, whichever is the higher. If, however, the Revised Exercise Price obtained in this calculation falls below the minimum exercise price, the minimum exercise price will be adopted as the Revised Exercise Price.

3.1.2 Bonds

At the same time as issuing the Warrants, the Company will issue the Bonds to the Allottee (EVO FUND), with the total amount of issue at 500 million yen, in accordance with the terms and conditions outlined below, on the understanding that typical conditions precedent have been fulfilled. The proceeds from the exercise of the Warrants will be used to redeem the Bonds, in general, insofar as there are unredeemed Bonds. In the meantime, there is a possibility that the Warrants may remain unexercised, depending on price fluctuations of the Company's common stock in the future. In this case, the proceeds from the exercise of the Warrants cannot be obtained or the total amount procured by the Company may fall below the initially planned amount. However, the Company will be able to procure funds and increase its cash on hand at the time of issuing the Bonds, even before the Warrants are exercised. That is why the Company has decided to adopt a scheme of issuing the Warrants and the Bonds simultaneously.

<Outline of Bonds>

1	Bond name	BrightPath Biotherapeutics Co., Ltd. Series 3 Unsecured Straight Bonds
2	Total amount of the bonds	500 million yen
3	Amount per bond	12,500,000 yen
4	Payment date	August 1, 2024
5	Maturity date	July 31, 2025
6	Coupon rate	0.0% per annum
7	Issue price	100 yen for a 100-yen par value
8	Maturity value	100 yen for a 100-yen par value
9	Method of redemption	<p>One-time lump-sum repayment on the maturity date</p> <p>(1) With written notice to the holders of unredeemed Bonds at least five business days prior to the desired date of advanced redemption ("Advanced Redemption Date"), the Company may redeem all or part of the Bonds then remaining unredeemed, on the Advanced Redemption Date, at 100 yen per 100-yen par value of each Bond.</p> <p>(2) If the closing price of the Company's common stock in regular trading on the Tokyo Stock Exchange falls below 32 yen (as may be adjusted based on the minimum exercise price of the Warrants then in effect) on five trading days in total after August 1, 2024, the holders of unredeemed Bonds may at any time thereafter ask the Company to redeem all or part of the Bonds then remaining unredeemed, on a specified Advanced Redemption Date, at 100 yen per 100-yen par value of each Bond with written notice to the Company at least five business days prior to the Advanced Redemption Date.</p> <p>(3) If all or part of the Warrants have been exercised and the cumulative amount paid to the Company through such exercise since the issue date of the</p>

		Warrants minus the cumulative par value of the Bonds redeemed by the Company before maturity in accordance with the provisions of the preceding paragraphs reaches or exceeds an integral multiple of the Bond amount (12,500,000 yen), the Company will redeem the Bonds corresponding to the value of such integral multiple, before maturity, at 100 yen per 100-yen par value of each Bond. The Advanced Redemption Date in this event will be either the third business day following the date of the Company's receipt of money which has caused the cumulative amount described above to reach or exceed an integral multiple of the Bond amount or any other day to be separately agreed upon by the Company and the Bond holder.
10	Subscriber for the total amount	EVO FUND

The Purchase Agreement for the Bonds is going to stipulate the following conditions.

(1) Lockup

While the Bonds remain unredeemed, the Company will be prohibited from soliciting subscriptions for the Company's common stock or securities convertible to or exchangeable for the Company's common stock, establishing any security interest in, issuing or selling such common stock or securities, concluding their sales agreement, granting the right to purchase or subscribed for them, lending, transferring or otherwise disposing of them directly or indirectly, issuing the Company's common stock by way of a debt-equity swap or any other means, making a swap or any other arrangement to give rise to a transfer of economic benefits from ownership of the Company's common stock in whole or in part, and having any of the acts listed above performed by anyone else who is authorized to act based on the Company's instructions, without obtaining the approval of EVOLUTION JAPAN SECURITIES Co., Ltd. ("EJS") in writing in advance. However, this restriction will not apply when the Company:

- (i) performs such act with the Allottee or its affiliate as a counterparty;
- (ii) issues or delivers shares of the Company's common stock by means of a stock split;
- (iii) allots shares of the Company's common stock without contribution;
- (iv) sells the Company's treasury shares to holders of shares less than one unit pursuant to Article 194, paragraph (3) of the Companies Act of Japan;
- (v) issues or delivers the Company's stock options or common stock shares under the Company's stock option program or stock compensation plan;
- (vi) issues the Warrants;
- (vii) issues or delivers shares of the Company's common stock in response to an exercise of the Warrants or Series 16 warrants; or
- (viii) is required to perform any such act under applicable laws.

(2) First refusal right

If the Company intends to issue or deliver its shares, stock options, warrants, bonds or other securities (collectively, "Additional Securities") to any third party other than the Allottee while the Bonds remain unredeemed, the Company must notify the Allottee in writing at least three weeks prior to the date for holding a board of directors' meeting to resolve the issuance or delivery of Additional Securities. Such written notice ("Additional Securities Notice") will state their detailed description and major conditions, including the type of Additional Securities, prices, quantities, payment dates, terms and conditions of the subscription agreement, and the name and address of the subscriber.

Within one week after receiving an Additional Securities Notice, the Allottee may subscribe for the Additional Securities in accordance with the conditions stated in the Additional Securities Notice by

issuing a written notice expressing its intention of subscription to the Company. Only in the absence of such subscription notice from the Allottee, the Company may pass a resolution to issue or deliver the Additional Securities in accordance with the conditions stated in the Additional Securities Notice.

The foregoing requirements will not apply when:

- (i) the Company's stock options are granted or its common stock shares are issued or delivered to its officers, employees, consultants or advisors under the Company's stock option program or stock compensation plan (excluding the cases of issuing shares in response to any exercise of such stock options) in accordance with the capital policy duly approved by the Company's board of directors, insofar as the scale of such issue falls below 5% of the total number of issued shares of the Company (to be calculated based on the number of shares as of the date of execution of the Purchase Agreement);
- (ii) the Company's shares (including class shares or other securities with the right to request conversion to the Company's common stock), stock options, bonds, warrants or other securities already issued as stated in applicable disclosure documents are exercised or converted in accordance with the conditions stated in the disclosure documents without being modified in any respect; or
- (iii) the Company and the Allottee agree in writing to exclude application of the first refusal right.

If the Company breaches the foregoing requirements, the Company must pay a penalty to the Allottee without delay.

3.2 Reasons for proposing the Fundraising

Before deciding to propose the Fundraising, the Company examined and compared various financing solutions. Around April 2024, the Company sought advice on fund procurement from EJS, since EJS has a remarkable track record and know-how for financial arrangements using various forms of securities including stock options, convertible bonds and warrants. Then, the Company received a proposal for the Fundraising Scheme from EJS, which involves the issuance of both of the Warrants and the Bonds. The Fundraising Scheme, as proposed by EJS, is considered as a preferable solution in terms of the Company's business continuity and stability, and it can mitigate near-term impacts on the Company's stock price and allow for flexible funding, compared to other financing solutions. For the advantages and disadvantages of the Fundraising Scheme and other alternatives, please see Sections 3.3 and 3.4. Series 18 warrants and Series 19 warrants are designed to allow the Company to acquire all or part of remaining unexercised warrants and cancel the Fundraising upon occurrence of any predefined event. Such events include, for example, the case where the Company no longer needs to procure new funds after redeeming the Bonds and the case where the Company needs to choose a different financing solution in the wake of changing circumstances. By invoking this call option when necessary, the Company will be able to mitigate dilution of existing shareholders' ownership. Taking into consideration all of the foregoing, the Company has decided to adopt the Fundraising Scheme.

3.3 Observations about the Fundraising

The advantages and disadvantages of the Fundraising Scheme are as follows.

3.3.1 Advantages

(1) Speedy financing

By issuing the Bonds, the Company can procure a certain amount of funds before the Warrants are exercised. Since the coupon rate is set at 0.0%, the Company will have no burden of interest payment.

(2) Call option

The call option attached to Series 18 warrants and Series 19 warrants enables the Company to acquire and cancel remaining Warrants at its discretion in light of its financial needs or market conditions in the future, subject to the Company's payment of the amount equal to the issue price of

Series 18 warrants or Series 19 warrants, as the case may be. Such flexibility is helpful in mitigating the dilutive effect on existing stockholders.

(3) Saving in funding costs

The Fundraising Scheme consists of three series of the Warrants and the Bonds to be issued simultaneously, while the Company will receive their proceeds at different times. Rather than carrying out the procedures for decision-making, board resolution and issuance separately for each facility, the Company can save total funding costs.

(4) Limiting the maximum number of shares to be issued

Since the number of the Company's common stock shares covered by the Warrants is fixed at 36 million shares in total, the maximum number of shares issuable under the Fundraising Scheme remain unchanged, regardless of stock price behavior. Therefore, the equity dilution ratio will not exceed the initially estimated percentage.

(5) Mitigating the impact on the Company's stock price

The minimum exercise price is set for the Warrants. While the exercise price may be revised or adjusted according to circumstances, it will never fall below this minimum exercise price. This serves as a break to avoid oversupply of the Company's common stock, which could further lower the stock price, in such situation where the Company's stock price remains sluggish and seems likely to fall below the minimum exercise price.

(6) Increase in the amounts to be procured when the stock price is rising

Since the exercise price for the Warrants is supposed to be revised in tandem with the Company's stock price, a rise in the stock price will lead to an increase in the amounts that the Company can procure.

3.3.2 Disadvantages

(1) Unable to procure the planned amount in full at the beginning

One characteristic inherent in warrants is that the issuer can raise money only after a warrant holder's exercise, which is equivalent to the amount obtained by multiplying the exercise price by the number of shares covered by the exercised warrants. This means that the total amount expected to be raised cannot be obtained at the time of issuing the Warrants.

(2) Possibility that the amount of funds raised may fall far below the initially estimated amount if the stock price is sluggish

When the stock price is on the decline, the exercise price for the Warrants will be revised downward. If any warrant exercise occurs after such downward revision, the aggregate amount procured from the Warrants will fall below the initially estimated amount. If the stock price is lower than the predetermined minimum exercise price for the Warrants, the Allottee will refrain from exercising the Warrants. In this regard, the exercise price will never fall below the minimum exercise price.

(3) Possibility of a decline in the Company's stock price as a result of the Allottee's sale of the Company's common stock shares in the market (a downside risk inevitable under the Fundraising Scheme)

The Allottee's holding policy for the Company's common stock is short-term holding. Under this policy, the Allottee is highly likely to exercise the Warrants and sell the shares acquired through such exercise in the market. In light of the current liquidity of the Company's common stock, the Allottee's sale of shares in the Company may cause the stock price to decline.

Since the exercise price for the Warrants is supposed to be revised in tandem with the Company's stock price, new funds from the Warrants are expected to be procured in incremental steps through the Allottee's warrant exercise and stock sale on several occasions. This downward risk is inevitable due to the features of the Fundraising Scheme.

(4) Limited access to a large number of unspecified prospective investors

Since new securities are issued to the Allottee alone under the scheme of third-party allotment, the

Company has fewer opportunities to interact with an unspecified number of new investors and solicit their investments.

(5) No blackout period

The Fundraising Scheme is designed to place utmost priority on ensuring highly viable funding within a short period. Therefore, the Fundraising Scheme does not allow the Company to freely set a blackout period, or a period for which the Warrants cannot be exercised. This means that it is difficult for the Company to control warrant exercise in a situation where the stock price is on the decline.

3.4 Alternative financing solutions

3.4.1 Capital increase through issuing new shares

3.4.1.1 Public offering

Issuing new shares in a public offering enables the issuer to raise money at once. On the other hand, the funding size is influenced by the issuer's market capitalization value and stock liquidity. Taking into consideration the Company's capitalization value and stock liquidity, it seems difficult for the Company to procure its necessary amount through a public offering. A public offering usually requires a long time for prior examination and preparation. In addition, the feasibility of a public offering is greatly affected by stock price behavior and market forces at that time. Once the Company missed the timing for a public offering, the Company would be forced to wait for the next opportunity for at least several months in the context of annual or quarterly financial reporting or registration of securities reports by specified deadlines. Due to these factors, public offering is less flexible and the Fundraising Scheme as proposed is more advantageous and expeditious.

3.4.1.2 Pro rata allotment of new shares to existing shareholders

Under this scheme, subscribers for new shares are existing shareholders only. Whether they will subscribe for new shares or not is uncertain in light of their financial resources. On a practical level, there are very few actual cases of this scheme in recent years. For these reasons, it is very difficult for the Company to accurately estimate the amount that can be procured from pro rata allotment of new shares to existing shareholders.

3.4.1.3 Allotment of new shares to specified third parties (the so-called third-party allotment of shares)

While third-party allotment is an effective means for immediately raising money at once, it would definitely cause dilution of earnings per share and directly affect the stock price. Furthermore, the Company is unable to find suitable investors at this moment.

3.4.1.4 Straight-equity issue program (STEP)

STEP is analogous to the Fundraising Scheme in that new funds will be procured through issuance of new shares in phases. However, STEP is less flexible in some other respects. For example, the Company will be unable to pass a resolution to issue new shares in the form of STEP if there are any undisclosed material fact on the part of the Company as of the date for fixing the issue price. Under the Fundraising Scheme, the exercise of the Warrants is, in general, left to the Allottee's discretion, regardless of any material facts emerging after the issuance of the Warrants. The Company can therefore promote negotiations and make important business decisions such as business alliances with no need to disclose material facts on the occasion of the Allottee's warrant exercise.

3.4.2 Convertible bonds (CB) with a fixed conversion price

CB issue is advantageous since the issuer can surely procure its necessary amount at the time of the issue. If, however, the conversion of issued bonds into shares does not proceed as expected, the Company's indebtedness will eventually increase, which may affect the Company's borrowing capacity.

3.4.3 Moving strike convertible bonds (MSCB)

In Japan, MSCB is a convertible bond with warrant in which the conversion price is kept floating and revised in tandem with the underlying stock price. The terms and conditions for issuance and exercise of MSCB are diversified recently. Since the number of shares to be issued upon conversion depends on the conversion price, the number of shares to be issued in each instance cannot be fixed until the conversion in question is completed. This structure directly has a significant impact on the underlying stock price. In this respect, the impact on existing shareholders' interests is more moderate under the Fundraising Scheme.

3.4.4 Warrants with a fixed exercise price

In case of warrants in which the exercise price remains unrevised, the Company will not be able to enjoy the advantage of a hike in the Company's stock price. On the other hand, the warrants will not be exercised when the stock price is declining, resulting in failure to procure new funds. This scheme is therefore subject to a higher degree of uncertainty than the Fundraising Scheme. As another issue, it is difficult at this moment to set an adequate exercise price, considering the present level of the Company's stock volatility.

3.4.5 Rights issue

Rights issue is a method of capital increase through granting warrants to all existing shareholders without compensation. In case of a rights issue with underwriting commitment, the Company will enter into an underwriting agreement with a financial instruments business operator. In case of a rights issue with no underwriting commitment, such underwriting agreement will not be concluded and the exercise of the warrants will be left to each shareholder's discretion. Until today, the former type of rights issue is very rare in Japan, and the Company has no prospect of realizing this scheme. Regarding the latter type of rights issue, the Company is not qualified for using this solution under the rules established by the Tokyo Stock Exchange since the Company has recorded a current-account deficit for the most recent two fiscal years.

3.4.6 Debt financing

If the Company raised money from debt financing such as borrowing or issuance of company bonds or subordinated bonds, the full amount of money procured would constitute the Company's indebtedness. This might deteriorate the Company's financial soundness and undermine its borrowing capacity in the future. Considering these aspects as well as the intended use of new funds that the Company is going to procure, the Company has decided to refrain from debt financing at this time.

4. Fundraising Amount, Intended Use and Disbursement Schedule

4.1 Estimated fundraising amount (net)

Total amount to be paid in for the Warrants	2,670,000 yen
Value of the property to be contributed through exercise of the Warrants	2,250,000,000 yen
Total estimated expenses for issue	20,000,000 yen
Net proceeds	2,232,670,000 yen

- Notes
1. The total amount to be paid in for the Warrants is the sum of the total issue price of the Warrants of all series (2,670,000 yen in total, obtained by adding 1,350,000 yen for Series 17, 960,000 yen for Series 18 and 360,000 yen for Series 19) and the total value of property to be contributed through exercise of the Warrants of all series (2,250 million yen in total, obtained by adding 930 million yen for Series 17, 744 million yen for Series 18 and 576 million yen for Series 19).
 2. The total value to be contributed through exercise of the Warrants is calculated on the

assumption that all the Warrants are exercised at the initial exercise price. If the exercise price is revised or adjusted, the total amount to be paid in for the Warrants and the total value to be contributed through exercise of the Warrants will vary accordingly. If some Warrants are not exercised within the specified exercise period, or if the Company acquires and cancels some Series 18 warrants or Series 19 warrants, the total amount to be paid in for the Warrants and the total value to be contributed through exercise of the Warrants will decrease accordingly.

3. Total estimated expenses for issue include survey costs, statutory registration costs, attorney fees, and costs for appraisal of the Warrants.
4. The amount of total estimated expenses for issue is net of Japanese national and local consumption taxes.

4.2 Intended use of new funds

The amount of net proceeds from the issuance of the Warrants and their exercise by the Allottee is estimated at 2,232,670,000 yen in total. These new funds will be used for the following projects.

Project covered by new funds	Amount (Millions of yen)	Time for disbursement
(1) R&D for cancer immunotherapy pipelines	Total 1,709	July 2024 – March 2026
• Cell therapy agents	1,368	
• Antibody drugs	341	
(2) Working capital	523	July 2024 – March 2026
Total	2,232	

- Notes
1. Among the proceeds from the exercise of the Warrants, an amount equivalent to 500 million yen will be scheduled to be used for redeeming the Bonds. However, the primary purpose of use of the proceeds from the issuance of the Bonds is to cover costs for either type of the projects described in the table above, whichever will be implemented earlier. For more details about the Bonds, please see Section 3.1.2 (Bonds).
 2. The funds to be raised will be disbursed preferentially for either type of the projects described above, which will be implemented earlier. If necessary amounts are not procured as scheduled, the Company's disbursement will not go as planned. On the other hand, if the amount actually procured at any specific time is larger than the planned amount, the surplus amount will be allocated appropriately to both types of projects in light of their progress.
 3. The amounts actually procured from the Bonds and the Warrants will be deposited in the Company's bank accounts or managed in the form of any other low-risk assets until those amounts are disbursed for the planned purposes.
 4. If the Company cannot procure sufficient amounts through the Allottee's warrant exercise during the scheduled disbursement period, the Company will allocate then available amounts to the cell therapy agent pipelines in priority to other projects and may seek any alternative fundraising solution or revise the business plan underway. In addition, the Company's procurement of some new funds may occur after one year following the end of the planned disbursement period shown above (July 2027) since the exercise period for Series 19 warrants falls after such disbursement period. In either case, any change in the intended use of new funds or their disbursement schedule will be promptly disclosed.

The costs for the projects to be covered by new funds are more detailed as follows.

Whether to exercise the Warrants or not and the timing for exercise depend on the warrant holder's discretion, which are beyond the Company's control. Furthermore, the exercise price for the Warrants may be revised or adjusted in the future. For these reasons, the amounts of new funds and the schedule for their procurement and disbursement described here are mere estimates and the actual amounts and time schedule may differ from these estimates.

- (1) R&D for cancer immunotherapy pipelines

The investigator-initiated clinical trial of BP2201, or non-genetically edited iPS cell-derived NKT cells (iPS-NKT), for head and neck cancer has been finished. The next milestone that the Company must achieve is clinical safety assessment through the world's first-in-human administration of iPS-NKT cells. The Company aims to embark on platform licensing transactions for CAR-transduced iPS-NKT (CAR-iPSNKT, or BP2202) with big pharma. To this end, the Company is developing a prototype product serving as a model for CAR-iPS-NKT, which is desired by big pharma. Using this prototype product, the Company is going to gather experimental data for profiling the properties of CAR-iPSNKT. New funds will be used not only for experiments in the Company's laboratory, but also for the preparation of materials and facilities for GMP-compliant manufacturing. The near-term goal is to advance non-clinical testing and manufacturing outsourcing for the prototype product.

The Phase 1 investigator-initiated clinical trial of BP2301, or anti-HER2 CAR-T cell therapy, is currently underway at the Company's collaborator, Shinshu University. Since this clinical trial (together with the manufacture of the investigational drug) is mostly funded by a research grant from the Japan Agency for Medical Research and Development (AMED), a large part of the proceeds from the Fundraising to be allocated to BP2301 will be spent to pay for the Company's research personnel costs and other related expenses during the periods of clinical trials. If clinical safety and efficacy is confirmed in the clinical trials, the opportunities for the Company's licensing transactions will be greatly broadened.

The antibody drug pipelines achieved a proof-of-concept in a mouse model (in vivo). The effort to obtain further non-clinical data for antibody profiling is underway, with the aim of preparing for licensing to a major pharmaceutical company. New funds to be allocated to this pipeline will cover the costs for research personnel, as well as for reagents and research facilities and equipment.

(2) Working capital

The Company's business activities include research and development for drug discovery and non-clinical and clinical development, commercial development centered on licensing transactions (both in-licensing and out-licensing), and support and management of research and development projects.

Working capital is used to cover general and administrative expenses (other than R&D expenses), which consist mainly of personnel expenses for researchers and other staff and include remuneration, rents, and business taxes. The estimated amount of new funds to be allocated to cover such non-R&D expenses is calculated based on the Company's actual results for the past years.

The Company's stock price is currently hovering around 57 yen, which is equal to the minimum exercise price for Series 16 warrants. The Company has therefore determined that the Company should choose to acquire and cancel Series 16 warrants and to procure funds through issuing new securities in light of the Company's capital policy, as explained in Section 2 (Purpose and Reason for the Offering). While the Intended use of new funds from Series 16 warrants was disclosed in "Announcement of Completion of Payments for Series 16 Warrants and Unsecured Bonds (PPB)" issued by the Company on November 14, 2023, the amounts and times for disbursement of such funds are now modified as follows in the context of the Company's acquisition and cancellation of Series 16 warrants. The figures shown below are estimated amounts on a net basis after deducting various issue expenses.

<Before modification>

Project covered by new funds	Amount (Millions of yen)	Time for disbursement
(1) R&D for cancer immunotherapy pipelines	Total <u>1,370</u>	December 2023 – <u>December</u> 2024
• Cell therapy agents	<u>1,227</u>	
• Antibody drugs	<u>143</u>	

long-term revenue and profits and to contribute to steady business growth. The Company therefore believes the intended use of new funds procured from the Fundraising will eventually help enhance the interests of the Company's existing shareholders.

6. Reasonableness of the Terms and Conditions for the Financing

6.1 Pricing for the Warrants

The Company asked Akasaka International Accounting Co., Ltd. (headquartered at 1-1-8 Motoakasaka, Minato-ku, Tokyo and represented by Kenzo Yamamoto), an independent appraiser, for valuation of the Warrants based on the terms and conditions described in this document and the provisions of a drafted Purchase Agreement. No material conflict of interest exists between this appraiser and the Company and between the appraiser and the Allottee.

For the purpose of the valuation, the appraiser adopted the Monte Carlo method after examining and comparing this method and other pricing models such as the Black-Scholes model and the binomial model. Monte Carlo simulation is a general price calculation model capable of relatively and appropriately reflecting the terms and conditions for issuing the Warrants and the terms and conditions to be contained in the Purchase Agreement in the valuation results. The appraiser's valuation was conducted based on certain preconditions defined for the valuation purpose. Such preconditions include the following data for the Company's shares: stock price at 64 yen, volatility at 66.4%, expected dividend at zero yen, risk-free interest rate at 0.3%, and the Allottee's expected behavior in exercising its rights.

After closely examining the appraiser's valuation based on the preconditions described above, the Company has set the amount to be paid in for one Series 17 warrant at 9 yen, for one Series 18 warrant at 8 yen, and for one Series 19 warrant at 4 yen, all of which are the same amounts as calculated by the appraiser. The initial revision of the exercise prices for Series 17 warrants and Series 18 warrants will be made on the trading day following the allotment date, which will subsequently be revised on each trading day. On each such Revision Date, the exercise price will be set at an amount equal to 96% of the closing price of the Company's common stock in regular trading on the Tokyo Stock Exchange on the trading day immediately preceding the Revision Date (or, if no closing price is available on that trading day, the closing price on its immediately preceding trading day), rounded down to the nearest one yen. With regard to Series 19 warrants, the initial revision of the exercise price will be made on the trading day following the allotment date, which will subsequently be revised on the third trading day after the immediately preceding Revision Date. On each Revision Date, the exercise price will be set at an amount equal to either: (a) the average value of the closing prices of the Company's common stock in regular trading published by the Tokyo Stock Exchange on the three consecutive trading days immediately preceding the Revision Date, but excluding the days on which no closing price is available, or (b) 90% of the closing price of the Company's common stock in regular trading published by the Tokyo Stock Exchange on the trading day immediately preceding the Revision Date, rounded down to the nearest one yen, whichever is the higher. If, however, the Revised Exercise Price obtained in any of the foregoing calculations falls below the minimum exercise price, the minimum exercise price will be adopted as the Revised Exercise Price. The minimum exercise price is the value equal to 50% of the closing price on the trading day immediately preceding the date of approving the resolution to issue the Warrants. The Company considers that this value is reasonable and unobjectionable, compared to the pricing for similar warrants of other issuers.

In the course of the valuation, the appraiser considered some potential events that could affect the fair value of the Warrants and calculated the fair value using Monte Carlo simulation, which is a method commonly used for this kind of valuation. Therefore, the appraiser's valuation is found to be reasonable. In the context of fixing the issue price of the Warrants by reference to such reasonable valuation result, the Company has finally set the issue price at the same value as calculated by the appraiser. The Company has therefore determined that the issue price set in this way does not constitute a particularly favorable value and concluded that it is a fair and reasonable price.

All three incumbent company auditors (including three outside company auditors) of BrightPath have

expressed an opinion upholding the legitimacy of the directors’ conclusion that the terms and conditions for issuing the Warrants do not constitute a favorable issue, as a result of their audit conducted in the course of their duties required under the Companies Act. This auditors’ opinion is based on their recognition as follows: (i) Akasaka International Accounting Co., Ltd. is found to be in a position that is adequately independent from the Company’s management since there is no advisory services contract between the appraiser and the Company; (ii) the appraiser conducted its valuation in a position independent from the Allottee; (iii) the method used for pricing the Warrants is a generally adopted method conforming to market practices; (iv) the Company’s decision to set the issue price for the Warrants at the same amount as calculated by the appraiser is found reasonable; and (v) it is found reasonable to decide the terms and conditions for the Warrants based on the closing price of the Company’s common stock in regular trading on the Tokyo Stock Exchange on June 18, 2024.

6.2 Grounds for concluding that the number of shares to be issued and the scale of share dilution are reasonable

The number of shares of the Company’s common stock to be issued after the exercise of all the Warrants is 36 million shares (corresponding to the number of voting rights at 360,000), resulting in the dilution ratio of 50.89% based on the total number of issued shares of the Company as of March 31, 2024 at 70,741,300 shares (corresponding to the number of voting rights at 707,311) as the denominator (and the dilution ratio for the number of voting rights represented by such shares is 50.90%). In this sense, the issuance of the Warrants will obviously cause a certain level of dilution of the Company’s common stock.

Nevertheless, the Company has decided to implement the Fundraising on the grounds that the Company’s use of new funds for covering R&D costs for cancer immunotherapy pipelines and working capital in accordance with the purpose and reason explained in this document will contribute to ensuring the Company’s growth and improving its corporate value. Given that 36 million shares of the Company’s common stock will be issued in total if all the Warrants are exercised, while the average daily trading volume of the Company’s common stock on the Tokyo Stock Exchange for the past six months is 666,503 shares, the Company’s shares have a certain degree of liquidity. As a result, the dilution of the Company’s common stock that is expected to be caused by the Warrants is unlikely to have an excessive impact on the market and found to fall within a reasonable range when paying due regard to the enhancement of shareholder value.

Meanwhile, the dilution ratio caused by the third-party allotment of the Warrants is expected to surely exceed 25%. The Company therefore set up a committee consisting of those who are adequately independent from the Company’s management pursuant to Rule 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange (the “Independent Committee”). The members of the Independent Committee are Mr. Tsutomu Kishino, currently in office as BrightPath’ outside company auditor, Mr. Taketoshi Abe, currently in office as BrightPath’ outside company auditor and independent officer, and Mr. Jinnosuke Matsumoto (attorney at law, Miyakezaka Sogo Law Offices), as an external expert who has no vested interest in BrightPath. The Company asked the Independent Committee to deliberate whether the scale of dilution is reasonable, whether the Fundraising Scheme is appropriate, and the adequacy of the Allottee, among others. In consequence, the Independent Committee expressed an opinion upholding the necessity and suitability of the Fundraising.

7. Reasons for Appointment of the Allottee

7.1 Profile of the Allottee

1	Name	EVO FUND
2	Head office	c/o Intertrust Corporate Services (Cayman) Limited One Nexus Way, Camana Bay, Grand Cayman KY1-9005 Cayman Islands
3	Form of organization	Exempted limited liability company incorporated under the laws of the Cayman Islands
4	Purpose of organization	Investment

5	Date of organization	December 2006	
6	Total amount of contribution	Paid-in capital:	One US dollar
		Net assets:	About 75 million US dollars
7	Profile of the investors and investment ratios	Voting rights: 100% held by Evolution Japan Group Holding Inc. (100% of the voting rights in Evolution Japan Group Holding Inc. are indirectly owned by Michael L. Lerch.)	
8	Representative's name and title	Michael L. Lerch, Representative Director Richard G. Chisholm, Representative Director	
9	Profile of the Allottee's agent in Japan	Name	EVOLUTION JAPAN SECURITIES Co., Ltd.
		Head office	4-1 Kioicho, Chiyoda-ku, Tokyo
		Representative's name and title	Shaun M. Lawson, President and Representative Director
		Description of business	Financial instruments business
		Capital stock	994,058,875 yen
10	Relationships between the Company and the Allottee	Relationship between the Company and the Allottee as a fund	None
		Relationship between the Company and the Allottee's representative	None
		Relationship between the Company and the Allottee's agent in Japan	None

Note: The descriptions in this table are based on the information available on April 30, 2024, except as otherwise stated.

- * EVO FUND was originally introduced by EJS to the Company. 100% of EVO FUND's equity is indirectly owned by one of its officers, Mr. Michael L. Lerch. The Company retrieved and examined past newspaper articles and information posted on websites or other media about EVO FUND, Mr. Lerch and another officer of EVO FUND, Mr. Richard G. Chisholm to verify whether they have any relationship with antisocial forces. As a result, the Company ascertained that the Allottee is not an antisocial force. The Company has obtained a written commitment issued by VO FUND proving that it has no relationship with any antisocial forces. For double-checking, the Company asked JP Research & Consulting, Inc. (headquartered at 3-7-12 Toranomom, Minato-ku, Tokyo and represented by Keisuke Furuno), to investigate EVO FUND, Mr. Lerch and Mr. Chisholm. JP Research & Consulting is an independent research agency specialized in enterprise investigation, credit checking and other related surveys. On June 17, 2024, the Company received investigation reports from JP Research & Consulting prepared based on its investigations including collation with its database. No information contained in those reports suggest that EVO FUND and its investors and officers are associated in any way with antisocial forces. Based on all of the foregoing, the Company has determined that none of the Allottee and its investors and officers has any involvement with antisocial forces and submitted a written confirmation to this effect to the Tokyo Stock Exchange.

7.2 Reasons for appointment

To choose a swift and reliable financing method conducive to enhancing the Company's value and ensuring its business growth, the Company examined and compared multiple financing solutions. In this context, the Company received a proposal for the Fundraising from EJS in April 2024. After scrutinizing this proposal, the

Company has determined that the Fundraising Scheme matches the Company's financial needs because it allows for flexible funding while curbing near-term impacts on the Company's stock price. Since EVO FUND has a proven track record of similar investments, as explained below, the Company has determined based on its internal deliberation that EVO FUND qualifies as an allottee. In consequence, the Company has decided to adopt the Fundraising Scheme and appoint EVO FUND as the Allottee.

EVO FUND is a fund established for the purpose of investments in listed stocks in December 2006, as an exempted limited liability company incorporated under the laws of the Cayman Islands. According to its investment track record, EVO FUND subscribed for warrants issued by means of the so-called third-party allotment and allotted under a scheme similar to the Warrants in multiple financing projects and EVO FUND eventually contributed to the issuing companies' fundraising by exercising all those warrants.

EJS, which is an affiliated company of EVO FUND, undertook the intermediary service as an arranger for closing the Fundraising. EJS is a wholly owned subsidiary of Tiger Inn Enterprises Limited (headquartered at Craigmuir Chambers, PO Box 71, Road Town, Tortola VG1110, British Virgin Islands and represented by Michael L. Lerch and Richard G. Chisholm).

When the Company intends to issue equity securities during the period for which there are unexercised Series 16 warrants, the Company is required to obtain the prior approval of Macquarie Bank Limited, an allottee of Series 16 warrants, under the purchase agreement for Series 16 warrants between the two parties. To effect the Fundraising, the Company obtained Macquarie Bank's approval.

Note: The Company's allotment of the Warrants is effected through the intermediary service provided by EJS as a member of the Japan Securities Dealers Association (JSDA). The offering of the Warrants is implemented in accordance with the Rules Concerning Handling of Allotment of New Shares to Third Party, Etc. established by the JSDA as its self-regulatory rules.

7.3 Holding policy of the Allottee and measures for controlling warrant exercise

Given that EVO FUND's holding policy is pure investment, the Allottee has no intention of holding shares of the Company's common stock for a long term, in principle, after acquiring them through exercising the Warrants. To fulfill the responsibility to its investors, Allottee will closely watch changes in the Company's stock price and, in general, seek to sell the Company's stock in the market. Meanwhile, the Company has verbally confirmed the Allottee's current stance to: seek an off-market sale of the Company's stock if the Allottee can find a purchaser who is to accept a block trade; refrain from such transactions that might make unclear the number of shares virtually held or controlled by the Allottee (e.g., swap trading with financial institutions or institutional investors during the exercise period for the Warrants); and have no intention of transferring the Warrants to prime brokers or other similar financial institutions.

The Purchase Agreement to be concluded between the Company and the Allottee is going to contain the following conditions.

- (1) The Allottee's warrant exercise is restricted, in principle, to the extent that the number of shares to be acquired through warrant exercise in any single calendar month will not exceed 10% of the number of the Company's listed shares as of the payment date for the Warrants ("Overstepping Exercise"). This restriction is imposed in accordance with Rule 434, Paragraph 1 of the Securities Listing Regulations established by the Tokyo Stock Exchange and Rule 436, Paragraphs 1 through 5 of the Enforcement Rules for Securities Listing Regulations.
- (2) The Allottee must agree that Overstepping Exercise is prohibited, except as otherwise specifically permitted. Before each warrant exercise, the Allottee must seek the Company's confirmation as to whether or not the intended exercise constitutes Overstepping Exercise.
- (3) If the Allottee intends to transfer the Warrants, the Allottee must force the transferee, in advance, to assure the Company of the transferee's acceptance and compliance with the requirements concerning Overstepping Exercise. If a transferee acquiring the Warrants from the Allottee intends to resell those

Warrants to another third party, the Allottee must ensure that such third party will assure the Company of its acceptance and compliance with the requirements concerning Overstepping Exercise.

In addition to the foregoing, the Purchase Agreement is going to stipulate that any transfer of the Warrants will be subject to the approval of the Company's board of directors. In the event of any such transfer, the Company will, before seeking approval from the Company's board of directors, verify the identity of the transferee, ascertain that the transferee is not an antisocial force, confirm the transferee's financial ability to subscribe for the Warrants, and check the transferee's holding policy. Such transfer, if effected, will be followed by the Company's timely disclosure.

7.4 Confirmation of the existence of financial resources necessary for the Allottee's contribution in the Fundraising

The Company verified multiple prime brokers' reports on asset balances as of March 29, 2024, which serve as supporting evidence for EVO FUND's retained property, showing the value of net assets obtained by deducting the total amount of borrowings and other liabilities from the total amount of cash, securities and other assets. The Company has consequently determined that EVO FUND has sufficient funds capable of subscribing for all of the Warrants and the Bonds as of the payment date.

Since EVO FUND's investment style is to repeat exercising warrants and selling shares acquired through the exercise for the purpose of collecting investment money, EVO FUND is, in general, unlikely to need to spent massive amounts of money for any single exercise of the Warrants. With staggered exercise periods for the respective series of the Warrants, the Company expects that EVO FUND will have a sufficient amount for exercising the Warrants in each instance.

While EVO FUND has already subscribed for warrants allotted by multiple issuers as of today, EVO FUND plans to repeat a process of warrant exercise and stock sale, as explained above, and therefore has no need to have a large amount of cash for each such process. After adding up all expected proceeds and costs for all such unexercised warrants and deducting the sum from EVO FUND's present balance of net assets, EVO FUND is found to retain sufficient funds for paying for the total issue price of the Warrants and the Bonds and exercising the Warrants.

7.5 Agreements concerning share certificate lending

Between the Allottee and the Company or any of its officers and shareholders, there is no agreement for borrowing and lending of share certificates in relation to the Company's stock. No such agreement is planned to be concluded in the future as well.

8. Major Shareholders and Shareholding Ratios

Shareholder	Shareholding ratio
MACQUARIE BANK LIMITED DBU AC	1.19%
JP Morgan Securities Japan Co., Ltd.	1.11%
Rakuten Securities, Inc.	1.08%
Matsui Securities Co., Ltd.	0.93%
Hiroshi Akeo, an individual	0.85%
Kazumi Araki, an individual	0.66%
Mitsubishi UFJ Capital Co., Ltd.	0.64%
Takehiko Nakasato, an individual	0.60%
SBI Securities Co., Ltd.	0.58%
Japan Securities Finance Co., Ltd.	0.58%

Notes: 1. The shareholding ratios are calculated based on the numbers of shares recorded in the shareholder

- register as of March 31, 2024.
2. The purpose of the Allottee's retention of the Warrants is pure investment. The Allottee is expected to sell shares of the Company's common stock acquired through the exercise of the Warrants. EVO FUND therefore has made no commitment to hold shares of the Company's common stock acquired through the exercise of the Warrants on a long-term basis. For this reason, this table does not state the shareholding ratios after the allotment to EVO FUND.
 3. The figures are rounded to two decimal places.

9. Future Outlook

The proceeds from the exercise of the Warrants are expected to contribute to the expansion of the Company's business, the enhancement of its corporate value and shareholder value and the reinforcement of its financial foundation over the medium- to long-term, as explained in Section 4.2 (Intended use of new funds).

The amounts actually procured and the times for obtaining new funds from the Fundraising will depend on the status of exercise of the Warrants, as explained in Section 4.2. How and when to use new funds will be decided more specifically based on the progress of actual exercise of the Warrants, and the impacts on the Company's business performance for the current fiscal year will be timely disclosed as soon as they become clear.

10. Procedures Required under the Code of Corporate Conduct

If all the Warrants (corresponding to 36 million shares) are exercised, the Allottee's shareholding ratio based on the Company's issued shares as of March 31, 2024 (70,741,300 shares) will be 50.89% (rounded to two decimal places) and the Allottee's voting interest in the Company based on 707,311 voting rights in total as of the same day will be 50.90% (rounded to two decimal places), with the dilution ratio of over 25%. This situation constitutes a case specified in Rule 432 (Matters to be Observed for Third-Party Allotment) of the Securities Listing Regulations established by the Tokyo Stock Exchange where the issuer is required to: (1) receive an opinion regarding the necessity and suitability of the allotment from an entity who has a specific degree of independence from the Company's management or (2) confirm the intent of shareholders regarding the allotment by means of a resolution in a general meeting of shareholders or otherwise.

The Company chose to seek an opinion regarding the necessity and suitability of the Fundraising from a third-party committee, after taking into comprehensive consideration the following points. First, the Fundraising will not immediately bring stock dilution, unlike stock issue. Second, if the Company chose to carry out the procedure for holding an extraordinary general meeting of shareholders to confirm the intent of shareholders in relation to the Fundraising, it would take about two months to pass a resolution at such shareholders meeting. Third, holding an extraordinary general meeting of shareholders requires a considerable cost. To seek a third-party opinion, the Company set up a committee consisting of Mr. Jinnosuke Matsumoto, Mr. Tsutomu Kishino and Mr. Taketoshi Abe (the "Independent Committee"). These three persons are external experts who have a certain degree of independence from the Company's management and have no vested interest in the Company. In response to the Company's request for objective comments on the necessity and suitability of the Fundraising, the Independent Committee delivered its opinion dated June 18, 2024. The Independent Committee's opinion is summarized as follows.

<Summary of the Independent Committee's Opinion>

A. Conclusion

The Independent Committee has concluded that the third-party allotment proposed by the issuing company is found necessary and suitable.

B. Reasons

B.1. Necessity

At present, the issuing company intends to focus its management resources on the product development in cell therapy agent pipelines and antibody drug pipelines. Among others, the highest priority issues are as follows, for which the

issuing company intends to use the proceeds from the proposed fundraising intensively. One is to promote preparatory activities to manufacture cells necessary for starting clinical trials for the prototype product of BP2202 in the United States. BP2202 is the allogeneic CAR-T platform using NKT cells manufactured from iPS cells (CAR-iPSNKT), which exhibits the issuing company's outstanding originality worldwide. The other is the effort to gather data in the ongoing antibody drug pipelines, which is the last critical step for their commercialization and licensing to pharmaceutical companies.

As of the end of March 2024, the issuing company held 1,057 million yen of cash and deposits. This value is nearly equal to the funding for business operation for the new fiscal year since the projected net loss for the fiscal year ending March 2025 is 927 million yen, as publicly announced on May 10, 2024. In order to steadily promote R&D activities, the issuing company considers that it needs to secure a considerable amount of development funds, while increasing cash reserves and maintaining liquidity. From this viewpoint, the issuing company believes that its present financial condition stands at a level requiring capital reinforcement. For the purpose of covering business funds for the full year from now on to push ahead with the development based on the iPS-NKT cell platform and continue the research and development investment focused on cell therapy agents and antibody drugs, the issuing company desires to secure expeditious funding in a way not detrimental to the interests of existing shareholders.

The total amount of funds that the issuing company plans to procure on this occasion is 2,232 million yen, with the following breakdown.

- | | |
|---|-------------------|
| (1) R&D for cancer immunotherapy pipelines: | 1,709 million yen |
| (2) Working capital: | 523 million yen |

To check more detailed cost breakdown, the Independent Committee asked the issuing company for additional documentation and explanation and scrutinized and deliberated such additional information. Since there was anything unreasonable in the explanations given by the issuing company's officers and managers in charge, the Independent Committee has shared the issuing company's view on the necessity of the proposed fundraising.

B.2. Suitability

B.2.1. Comparison with other financing alternatives

During the course of seeking an optimum financing solution, the issuing company examined the third-party allotment of warrants under review, as well as other alternative solutions, which include public offering, pro rata allotment of new shares to existing shareholders, third-party allotment of new shares, straight-equity issue program (STEP), convertible bonds (CB) with a fixed strike price, moving strike convertible bonds (MSCB), warrants with a fixed strike price, rights issue, and debt financing such as borrowing or issuance of bonds or subordinated bonds. Regarding public offering and pro rata allotment of new shares to existing shareholders, the issuing company found them inappropriate because of a required length of time, costs and inability to fix the amount to be procured earlier. Regarding third-party allotment of new shares, the issuing company found it inappropriate due to an expected impact on its stock price and further due to the difficulty in finding investors subscribing for new shares. Regarding CB with a fixed strike price, the issuing company was not able to adopt this solution because it would affect the company's borrowing capacity. In the issuing company's view, MSCB is less preferable than the fundraising scheme under review. MSCB would directly have a significant impact on the company's stock price because the number of shares to be issued in each instance cannot be fixed until the conversion in question is completed. In this regard, the issuing company considers that the fundraising scheme under review will have a relatively less impact on shareholders' interests. Regarding warrants with a fixed strike price, the issuing company found it difficult to set an adequate strike price in light of the present level of its stock volatility. According to the issuing company's explanation, rights issue is virtually infeasible and the company cannot fulfill the qualification criteria at this moment. Regarding debt financing, the issuing company insisted that this solution might adversely affect the company's financial soundness. Since the Independent Committee

considers that all of these views about financing alternatives are reasonable, the fundraising scheme under review is found to be a relatively suitable solution.

B.2.2. Allottee screening

To evaluate the adequacy of the allottee candidate, the Committee examined survey reports prepared by JP Research & Consulting, Inc. These reports state investigation findings about the allottee and its substantial owners and officers. The Independent Committee confirmed that there were no particular problems in connection with these persons. As a consequence, the Committee has concluded that the allottee is found adequate.

B.2.3. Terms and conditions for issuance

To verify the suitability of the issue price for the warrants under review, the Independent Committee examined an appraisal report prepared by Akasaka International Accounting Co., Ltd. and interviewed the certified public accountant in charge. As a result, no particular problems were detected in the process of appraising the value of the warrants. The Independent Committee has therefore concluded that the proposed issue price is considered suitable. With regard to the terms and conditions for issue, except for pricing matters, the Independent Committee confirmed that an independent law firm acting as an agent for the issuing company was adequately involved in the process of negotiation with the allottee and that no particular problem is discovered in a drafted agreement under negotiation. The Independent Committee has therefore concluded that the terms and conditions for issue are considered appropriate.

B.2.4. Concern for dilution

The third-party allotment under review will cause certain detriment to the issuing company's existing shareholders, that is, dilution of their shareholding interests with a dilution ratio as high as 50.90%. The Independent Committee asked for the issuing company's explanation as to whether or not advantages would outweigh disadvantageous dilution in the fundraising scheme under review. According to the issuing company's explanation, the proceeds from the fundraising under review will be used to cover R&D costs for cancer immunotherapy pipelines and working capital, and this fundraising scheme can secure expeditious funding with due regard to existing shareholders' interests. The issuing company further asserted that such funding could facilitate licensing transactions in the future and increase revenue potential. On these grounds, the issuing company decided to choose the fundraising scheme under review with the belief that it would contribute to ensuring the Company's growth and improving its corporate value. Since no unreasonable or objectionable point was found in the issuing company's explanation, the Independent Committee agrees that the fundraising through the third-party allotment as proposed will bring advantages outweighing the disadvantage of diluting existing shareholders' interests.

* Since there is no advisory contract or transaction of any other kind between the Company and Mr. Jinnosuke Matsumoto, his independence from the Company is ensured. Although Mr. Tsutomu Kishino is not appointed as an independent officer for BrightPath, he qualifies for such position. Therefore, no conflict of interests is likely to occur between Mr. Kishino and any general shareholder.

11. Business Results and Equity Finance for the Last Three Years

11.1 Business results for the last three years

(Thousands of yen)

Fiscal year	Year ended March 2022	Year ended March 2023	Year ended March 2024
Net sales	15,408	5,280	72
Operating loss (-)	(1,476,033)	(1,467,059)	(1,155,133)
Ordinary loss (-)	(1,481,945)	(1,473,774)	(1,158,929)
Net loss (-) or net loss attributable to owners of the parent (-)	(1,484,192)	(1,485,633)	(1,168,082)
Net loss per share (-) (yen)	(28.55)	(24.90)	(18.21)
Dividend per share (yen)	–	–	–
Net assets per share (yen)	45.40	24.60	13.52

11.2 Numbers of issued shares and potential shares

(As of March 31, 2024)

	Number of shares	Ratio
Number of issued shares	70,741,300 shares	100%
Number of potential shares issuable at the current exercise price	790,900 shares	1.18%
Number of potential shares issuable at the minimum exercise price	–	–
Number of potential shares issuable at the maximum exercise price	–	–

Notes: 1. All potential shares in this table are shares issuable through exercise of stock options.

2. As explained in Section 2 (Purpose and Reason for the Offering), the Company intends to acquire and cancel all Series 16 warrants on July 18, 2024. Therefore, the figures in this table do not include the number of potential shares issuable from of Series 16 warrants.

11.3 Recent stock prices

11.3.1 Past three years

	Year ended March 2022	Year ended March 2023	Year ended March 2024
Opening price	198 yen	103 yen	170 yen
Highest price	199 yen	270 yen	185 yen
Lowest price	85 yen	61 yen	63 yen
Closing price	103 yen	172 yen	67 yen

Note: Each stock price was quoted on the Growth Market of the Tokyo Stock Exchange.

11.3.2 Past six months

	Jan. 2024	Feb. 2024	Mar. 2024	Apr. 2024	May 2024	Jun. 2024
Opening price	86 yen	81 yen	78 yen	66 yen	59 yen	59 yen
Highest price	99 yen	83 yen	90 yen	68 yen	68 yen	65 yen
Lowest price	80 yen	67 yen	63 yen	56 yen	56 yen	58 yen
Closing price	81 yen	80 yen	67 yen	60 yen	58 yen	64 yen

Notes: 1. Each stock price was quoted on the Growth Market of the Tokyo Stock Exchange.

2. The stock prices in June 2024 are the data as of June 18, 2024.

11.3.3 Trading day immediately preceding the date of resolution to issue the Warrants and the Bonds

	June 18, 2024
Opening price	63 yen
Highest price	65 yen
Lowest price	63 yen
Closing price	64 yen

11.4 Equity finance for the past three years

11.4.1 Series 15 warrants (issued under the scheme of third-party allotment)

Allotment date	February 1, 2022
Number of warrants issued	105,000 warrants
Issue price	35 yen per warrant (3,675,000 yen in total)
Amount of new funds planned to be raised at the time of issuing the warrants (estimated amount of net proceeds)	1,127,175,000 yen (Net proceeds: 1,107,175,000 yen) Breakdown: Amount procured through the warrant issue: 3,675,000 yen Amount procured through warrant exercise: 1,123,500,000 yen Total estimated expenses for issue: 20,000,000 yen
Total number of issued shares upon the offering	52,368,000 shares of common stock
Allottee	Macquarie Bank Limited
Status of warrant exercise to date	105,000 warrants exercised
Amount of new funds raised to date	774,619,000 yen
Projects covered by new funds	(1) R&D for cancer immunotherapy pipelines (2) Working capital
Original schedule for disbursement	(1) July 2022 – September 2023 (2) July 2022 – September 2023
Status of use of new funds to date	(1) R&D for cancer immunotherapy pipelines: 322 million yen for cell therapy pipelines, 180 million yen for antibody drug pipelines, and 75 million yen for cancer vaccine pipelines; disbursed from December 2022 to July 2023 (2) Working capital: 197 million yen, disbursed from December 2022 to July 2023

11.4.2 Series 16 warrants (issued under the scheme of third-party allotment)

Allotment date	November 30, 2023
Number of warrants issued	156,600 warrants
Issue price	33 yen per warrant (5,167,800 yen in total)
Initially planned amount of new funds to be raised (estimated net proceeds)	1,633,807,000 yen (Net proceeds: 1,613,807,000 yen) Breakdown: Amount procured through the warrant issue: 5,167,000 yen Amount procured through warrant exercise: 1,628,640,000 yen Total estimated expenses for issue: 20,000,000 yen
Total number of issued shares upon the offering	62,891,200 shares of common stock
Allottee	Macquarie Bank Limited
Status of warrant exercise to date	82,501 shares warrants exercised
Amount of new funds raised to date	580,082,000 yen
Projects covered by new funds	(1) R&D for cancer immunotherapy pipelines • Cell therapy agents • Antibody drugs (2) Working capital
Original schedule for disbursement	(1) December 2023 – December 2024 (2) December 2023 – December 2024
Status of use of new funds to date	(1) R&D for cancer immunotherapy pipelines: 303 million yen for cell therapy pipelines, and 148 million yen for antibody drug pipelines; disbursed from December 2023 to June 2024 (2) Working capital: 129 million yen, disbursed from December 2023 to June 2024

Note: As explained in Section 2 (Purpose and Reason for the Offering), the Company intends to acquire and cancel all Series 16 warrants on July 18, 2024.

Attachment

BrightPath Biotherapeutics Co., Ltd. Series 17 Warrants

Terms and Conditions

1. Name of the Warrants

BrightPath Biotherapeutics Co., Ltd. Series 17 Warrants (hereinafter referred to as the "Warrant(s)")

2. Total amount of issue

1,350,000 yen (9 yen per warrant)

3. Subscription period

Until July 5, 2024

4. Date of allotment and payment

July 5, 2024

5. Offering method

All Warrants are allotted to EVO FUND by the method of allotment of securities to specified third parties (third-party allotment).

6. Class and number of shares underlying the Warrants

- (1) The class of shares underlying all Warrants shall be common stock of BrightPath Biotherapeutics Co., Ltd (hereinafter referred to as the "Company").
- (2) Total number of shares underlying all Warrants shall be 15,000,000 shares. The number of shares underlying one Warrant shall be 100 shares (hereinafter referred to as the "Number of Allotted Shares"). If the Company conducts a stock split or a consolidation of shares for the Company's common stock (hereinafter collectively referred to as "Stock Reconstruction"), the Number of Allotted Shares shall be adjusted in accordance with the following formula. However, fractions less than one share arising from the adjustment shall be rounded down.

Number of Allotted Shares after adjustment

= Number of Allotted Shares before adjustment x Ratio of Stock Reconstruction

If, however, the Number of Allotted Shares is adjusted pursuant to the other reasons, the Number of Allotted Shares shall be adjusted subject to the resolution of the board of directors of the Company as far as it is rational.

7. Total number of the Warrants

150,000 warrants

8. Amount to be paid in for each Warrant

9 yen per Warrant

9. Value of the property to be contributed upon exercise of the Warrants or method of calculating such value

- (1) The property to be contributed upon exercise of each Warrant shall be cash, and its value shall be an amount obtained by multiplying the Exercise Price (as defined below) by the Number of Allotted Shares.
- (2) The amount per share of the Company's common stock to be contributed upon exercise of the Warrants (hereinafter referred to as "Exercise Price") shall initially be 62 yen.

10. Revision of the Exercise Price

- (1) The exercise price is subject to the initial revision on the trading day (as defined below) immediately after the date of allotment and the subsequent revision on each trading day thereafter (hereinafter referred to as the "Revision Date"). The exercise price shall be revised to an amount equal to 96% of the closing price of the Company's common stock in regular trading on the Tokyo Stock Exchange on the trading day immediately preceding the Revision Date (as defined below), rounded up to the nearest one yen. If the revised exercise price calculated in the way specified above is to fall below the Minimum Exercise Price (as defined below), the Minimum Exercise Price shall be adopted as the revised exercise price. If, however, there is no closing price on the Revision Date, the exercise price shall not be revised. If an event defined in Section 11 occurs, the closing date on the Revision Date shall be adjusted rationally.

A "trading day" means a day on which a trading session is held on the Tokyo Stock Exchange.

"Revision Date" means the effective date for revising the exercise price on any trading day.

- (2) The minimum exercise price is 32 yen (hereinafter referred to as the "Minimum Exercise Price").
- (3) The Minimum Exercise Price shall be adjusted pursuant to Section 11.

11. Adjustment to the Exercise Price

- (1) If the total number of issued shares of the Company's common stock changes or is likely to change in any of the cases specified in Section 11(2) after the Warrants have been issued, the Company shall adjust the Exercise Price in accordance with the following formula (hereinafter referred to as the "Exercise Price Adjustment Formula").

$$\begin{array}{r} \text{Exercise} \\ \text{Price after} \\ \text{adjustment} \end{array} = \begin{array}{r} \text{Exercise} \\ \text{Price} \\ \text{before} \\ \text{adjustment} \end{array} \times \frac{\begin{array}{r} \text{Number of} \\ \text{outstanding} \\ \text{shares} \end{array} + \frac{\begin{array}{r} \text{Number of} \\ \text{shares newly} \\ \text{issued or} \\ \text{disposed of} \end{array} \times \begin{array}{r} \text{Amount} \\ \text{contributed per} \\ \text{share} \end{array}}{\begin{array}{r} \text{Market value per share} \end{array}} \\ \begin{array}{r} \text{Number of} \\ \text{outstanding} \\ \text{shares} \end{array} + \begin{array}{r} \text{Number of shares} \\ \text{newly issued or} \\ \text{disposed of} \end{array}$$

- (2) The Exercise Price shall be adjusted by the Exercise Price Adjustment Formula in any of the following cases. The Exercise Price so adjusted shall be effective from the day specified for each applicable case.

- (i) In the case where the Company newly issues shares of the Company's common stock or disposes of any such shares held by the Company at a price less than the market price specified in Section 11(4)(ii) (including the cases of allotting shares without contribution), except where the Company issues or disposes of shares as stock-based compensation subject to transfer restriction for the Company's officers or employees, delivers shares based on exercise of warrants (including those attached to bonds), acquires shares with put options or shares subject to call, or delivers shares based on exercise of any other right to ask for such delivery, or delivers shares of the Company's common stock in the context of a company split, share exchange or merger. The Exercise Price after adjustment shall become effective on the payment date (which shall be the last day of the payment period designated for the offering or on the effective date for the allotment of securities without contribution, as applicable), or on the day immediately following the record date, if any, for identifying the shareholders eligible for the allotment in such issuance or disposition.
- (ii) In the case of issuing shares of the Company's common stock through a stock split, the exercise price after adjustment shall be effective on the day immediately following the record date for the stock split. In the case of issuing shares of the Company's common stock through allotment of shares without contribution, the exercise price after adjustment shall be effective on the day immediately following the record date for the allotment of shares without contribution if such date exists, or on the day immediately following the date the allotment of shares without contribution get effective.

The "number of shares newly issued or disposed of" used in the Exercise Price Adjustment Formula means an increase in the number of shares of the Company's common stock arising as a result of the stock split.

- (iii) In the case of issuing or granting shares with put options for which shares of the Company's common stock are to be delivered at a price lower than the market value specified in Section 11(4)(ii) or issuing or granting warrants (including those attached to bonds) for which their holders are entitled to ask for the delivery of shares of the Company's common stock at a price lower than the market value specified in Section 11(4)(ii) (excluding series 18 warrants and series 19 warrants), except where the Company issues stock options to its officers or employees, the exercise price after adjustment shall be calculated by the Exercise Price Adjustment Formula on the assumption that all put options or all warrants, as the case may be, are exercised under the original conditions. the Exercise Price so adjusted shall become effective on the payment date for shares with put options, on the allotment date of warrants, or on the effective date for the allotment of securities without contribution, as the case may be. If, however, a record date for identifying the shareholders eligible for the allotment is set, the Exercise Price after adjustment shall be effective from the day immediately following the record date.
- (iv) In the case where shares of the Company's common stock are delivered at a price lower than the market value specified in Section 11(4)(ii), in exchange for the Company's acquisition of shares subject to call or warrants (including those attached to bonds) subject to call that the Company has already issued

The Exercise Price after adjustment shall become effective on the day immediately following the acquisition date.

Notwithstanding the foregoing, if any adjustment to the exercise price made under Item (iii) occurs before the adjustment made pursuant to the preceding paragraphs in relation to the shares subject to

call or warrants (including those attached to bonds) subject to call in question, the exercise price to be obtained after the latter adjustment shall be calculated with consideration for the former adjustment.

- (v) Notwithstanding Items (i) to (iii) above, if a record date is set in any of the cases described in those Items and the validity of the Exercise Price after adjustment is subject to the approval of the shareholders meeting, the board of directors or any other authorized organization of the Company to be obtained after the record date, the Exercise Price after adjustment shall become effective on the day immediately following the approval date. In this situation, if any Warrant Holder exercises Warrants during the period from the day immediately following the record date to the approval date, the Company shall additionally deliver shares of its common stock to the Warrant Holder in the number calculated by the following formula.

$$\text{Number of shares} = \frac{\left(\begin{array}{c} \text{Exercise} \\ \text{Price} \\ \text{before} \\ \text{adjustment} \end{array} - \begin{array}{c} \text{Exercise} \\ \text{Price after} \\ \text{adjustment} \end{array} \right) \times \text{Number of shares issued at the} \\ \text{Exercise Price before adjustment} \\ \text{during the period in question}}{\text{Exercise Price after adjustment}}$$

Fractions less than one share shall be rounded down.

- (3) If the difference between the Exercise Price after adjustment calculated by the Exercise Price Adjustment Formula and the Exercise Price before adjustment is less than one yen, the Exercise Price shall not be adjusted. If, however, the Exercise Price subsequently needs to be adjusted upon occurrence of an event requiring adjustment, the amount obtained by subtracting such difference from the Exercise Price then in effect shall be used as the Exercise Price before adjustment in the Exercise Price Adjustment Formula.
- (4) In the calculation by the Exercise Price Adjustment Formula:
- (i) The value shall be calculated to the first decimal place and rounded to the nearest yen unit.
 - (ii) The market value used in the Exercise Price Adjustment Formula shall be the average closing price of the Company's common stock at the Tokyo Stock Exchange for the 30 consecutive trading days (excluding days on which no closing price is available) beginning on the 45th trading day prior to the effective date of the Exercise Price after adjustment (or prior to the record date, in the case of Item (2)(v) of this Section). In this case, the average value shall be calculated to the second decimal place and rounded off to the first decimal place.
 - (iii) The number of outstanding shares to be used in the Exercise Price Adjustment Formula shall be the total number of issued shares of the Company's common stock as of the record date, if any, for identifying the shareholders eligible for the allotment or as of the day one month prior to the effective date of the Exercise Price after adjustment, if there is no such record date, less the number of such common stock shares held by the Company as of the same date. In the case described in Section 11(2)(ii), the number of shares newly issued or disposed of used in the Exercise Price Adjustment Formula shall not include the number of shares of the Company's common stock to be allotted to such common stock shares held by the Company as of the record date.
- (5) In addition to the case where the Exercise Price is required to be adjusted under Section 11(2), the Company shall make necessary adjustment to the Exercise Price in any of the following cases.
- (i) In the case where the Exercise Price needs to be adjusted for the purpose of a consolidation of shares,

company split, share exchange or merger

- (ii) In the case where the Exercise Price needs to be adjusted due to the occurrence of any other event leading to a change or likely to give rise to a change in the number of shares of the Company's common stock
 - (iii) In the case where multiple events requiring adjustment to the Exercise Price occurs sequentially and the effects from a certain event need to be considered for the purpose of fixing the Exercise Price before adjustment to be used for calculating the Exercise Price after adjustment in connection with any other event
- (6) Notwithstanding the case described in Section 11(2), if the date the exercise price after adjustment is initially applied falls on the Revision Date as defined in Section 10, the Company shall make necessary adjustment.
- (7) When intending to adjust the Exercise Price (or the Minimum Exercise Price), the Company shall notify the Warrant Holders in writing on or before the day immediately preceding the effective date of the adjustment, which notification shall state the intention of making such adjustment, reasons for the adjustment, the Exercise Price before adjustment, the Exercise Price after adjustment (or the Minimum Exercise Price after adjustment), the effective date and other necessary matter. If, however, the Company is unable to provide such advance notification in the case specified in Section 11(2)(v) or under any other circumstances, the Company shall provide the notification of the adjustment promptly after the effective date.

12. Exercise Period for the Warrants

From July 8, 2024 to July 7, 2026

13. Other conditions for exercising Warrants

Exercising any Warrant in part is not allowed.

14. Acquisition of Warrants

Not applicable.

15. Issuance of warrant certificates

The Company will not issue warrant certificates for the Warrants.

16. Increase in the stated capital and capital reserves when shares are issued based upon exercise of the Warrants

When shares are issued based upon exercise of Warrants, the amount of stated capital to be increased shall be the amount obtained by multiplying the maximum amount of increase in stated capital as calculated pursuant to Article 17(1) of the Regulations on Corporate Accounting by 0.5, rounding up fractions less than one yen. As a result, the amount of capital reserves to be increased shall be the amount obtained by subtracting the amount of stated capital to be increased as calculated above from the maximum amount of increase in stated capital as aforesaid.

17. Procedure for exercising Warrants

- (1) To exercise Warrants, the Warrant Holder shall submit a warrant exercise notice stating required matters to

the office specified in Section 19 during the exercise period specified in Section 12.

- (2) To exercise Warrants, the Warrant Holder shall, in addition to submitting the exercise notice specified in Section 16(1), pay the full amount of the property required to be contributed upon the warrant exercise in cash by transfer to the Company's designated account in the office for payment specified in Section 20.
- (3) A notice of exercise of Warrants shall become effective on the day on which all of the following are fulfilled: the office for warrant exercise specified in Section 19 shall have been fully informed of all required matters for the warrant exercise and the full amount of the property required to be contributed upon the warrant exercise shall have been paid into the account specified in Section 17(2).

18. Delivery of shares

The Company will deliver shares by book-entry transfer to the account the Warrant Holder designates after the warrant exercise become effective.

19. Office for warrant exercise

Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation

20. Office for payment

Shinbashi Branch, Sumitomo Mitsui Banking Corporation

21. Amount to be paid in for the Warrants and grounds for the calculation of the amount of property to be contributed upon their exercise

The amount to be paid in for one Warrant has been set at the amount specified in Section 8 by taking into consideration these Terms and Conditions and the provisions of the purchase agreement between the Company and the allottee, using a Monte Carlo simulation, which is a general pricing model. In addition, the amount of property to be contributed upon exercise of the Warrants has been set at the amount specified in Section 9.

22. Application of the Act on Book-Entry Transfer of Corporate Bonds and Shares

Given that the Warrants are Book-Entry Transfer Warrants defined in the Act on Book-Entry Transfer of Corporate Bonds and Shares, all Warrants are governed by this Act. The Warrants shall be handled in accordance with the Operational Rules for Book-Entry Transfer of Shares, etc., the enforcement regulations thereof and other regulations established by Japan Securities Depository Center, Inc.

23. Book-entry transfer institution

Japan Securities Depository Center, Inc.
7-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo

24. Miscellaneous conditions

- (1) We will take necessary measures such as replacing with appropriate words when Companies Act or other relevant laws are revised.
- (2) These Terms and Conditions shall be effective when the relevant securities registration statement filed in

accordance with the Financial Instruments and Exchange Act takes effect.

- (3) In addition to these Terms and Conditions, other matters necessary for the issuance of the Warrants shall be determined at the discretion of the Company's representative director.

BrightPath Biotherapeutics Co., Ltd. Series 18 Warrants

Terms and Conditions

1. Name of the Warrants

BrightPath Biotherapeutics Co., Ltd. Series 18 Warrants (hereinafter referred to as the "Warrant(s)")

2. Total amount of issue

960,000 yen (8 yen per warrant)

3. Subscription period

Until July 5, 2024

4. Date of allotment and payment

July 5, 2024

5. Offering method

All Warrants are allotted to EVO FUND by the method of allotment of securities to specified third parties (third-party allotment).

6. Class and number of shares underlying the Warrants

- (1) The class of shares underlying all Warrants shall be common stock of BrightPath Biotherapeutics Co., Ltd (hereinafter referred to as the "Company").
- (2) Total number of shares underlying all Warrants shall be 12,000,000 shares. The number of shares underlying one Warrant shall be 100 shares (hereinafter referred to as the "Number of Allotted Shares"). If the Company conducts a stock split or a consolidation of shares for the Company's common stock (hereinafter collectively referred to as "Stock Reconstruction"), the Number of Allotted Shares shall be adjusted in accordance with the following formula. However, fractions less than one share arising from the adjustment shall be rounded down.

Number of Allotted Shares after adjustment

= Number of Allotted Shares before adjustment x Ratio of Stock Reconstruction

If, however, the Number of Allotted Shares is adjusted pursuant to the other reasons, the Number of Allotted Shares shall be adjusted subject to the resolution of the board of directors of the Company as far as it is rational.

7. Total number of the Warrants

120,000 warrants

8. Amount to be paid in for each Warrant

8 yen per Warrant

9. Value of the property to be contributed upon exercise of the Warrants or method of calculating such value

- (1) The property to be contributed upon exercise of each Warrant shall be cash, and its value shall be an amount obtained by multiplying the Exercise Price (as defined below) by the Number of Allotted Shares.
- (2) The amount per share of the Company's common stock to be contributed upon exercise of the Warrants (hereinafter referred to as "Exercise Price") shall initially be 62 yen.

10. Revision of the Exercise Price

- (1) The exercise price is subject to the initial revision on the trading day (as defined below) immediately after the date of allotment and the subsequent revision on each trading day thereafter (hereinafter referred to as the "Revision Date"). The exercise price shall be revised to an amount equal to 96% of the closing price of the Company's common stock in regular trading on the Tokyo Stock Exchange on the trading day immediately preceding the Revision Date (as defined below), rounded up to the nearest one yen. If the revised exercise price calculated in the way specified above is to fall below the Minimum Exercise Price (as defined below), the Minimum Exercise Price shall be adopted as the revised exercise price. If, however, there is no closing price on the Revision Date, the exercise price shall not be revised. If an event defined in Section 11 occurs, the closing date on the Revision Date shall be adjusted rationally.

A "trading day" means a day on which a trading session is held on the Tokyo Stock Exchange.

"Revision Date" means the effective date for revising the exercise price on any trading day.

- (2) The minimum exercise price is 32 yen (hereinafter referred to as the "Minimum Exercise Price").
- (3) The Minimum Exercise Price shall be adjusted pursuant to Section 11.

11. Adjustment to the Exercise Price

- (1) If the total number of issued shares of the Company's common stock changes or is likely to change in any of the cases specified in Section 11(2) after the Warrants have been issued, the Company shall adjust the Exercise Price in accordance with the following formula (hereinafter referred to as the "Exercise Price Adjustment Formula").

$$\begin{array}{r} \text{Exercise Price after adjustment} \\ = \\ \text{Exercise Price before adjustment} \end{array} \times \frac{\begin{array}{c} \text{Number of} \\ \text{outstanding} \\ \text{shares} \end{array} + \frac{\begin{array}{c} \text{Number of} \\ \text{shares newly} \\ \text{issued or} \\ \text{disposed of} \end{array} \times \begin{array}{c} \text{Amount} \\ \text{contributed per} \\ \text{share} \end{array}}{\begin{array}{c} \text{Number of} \\ \text{outstanding} \\ \text{shares} \end{array} + \begin{array}{c} \text{Number of shares} \\ \text{newly issued or} \\ \text{disposed of} \end{array}} = \text{Market value per share}$$

- (2) The Exercise Price shall be adjusted by the Exercise Price Adjustment Formula in any of the following cases. The Exercise Price so adjusted shall be effective from the day specified for each applicable case.

- (i) In the case where the Company newly issues shares of the Company's common stock or disposes of any such shares held by the Company at a price less than the market price specified in Section 11(4)(ii) (including the cases of allotting shares without contribution), except where the Company issues or disposes of shares as stock-based compensation subject to transfer restriction for the Company's officers or employees, delivers shares based on exercise of warrants (including those attached to bonds), acquires shares with put options or shares subject to call, or delivers shares based on exercise of any other right to ask for such delivery, or delivers shares of the Company's common stock in the context of a company split, share exchange or merger. The Exercise Price after adjustment shall become effective on the payment date (which shall be the last day of the payment period designated for the offering or on the effective date for the allotment of securities without contribution, as applicable), or on the day immediately following the record date, if any, for identifying the shareholders eligible for the allotment in such issuance or disposition.
- (ii) In the case of issuing shares of the Company's common stock through a stock split, the exercise price after adjustment shall be effective on the day immediately following the record date for the stock split. In the case of issuing shares of the Company's common stock through allotment of shares without contribution, the exercise price after adjustment shall be effective on the day immediately following the record date for the allotment of shares without contribution if such date exists, or on the day immediately following the date the allotment of shares without contribution get effective.

The "number of shares newly issued or disposed of" used in the Exercise Price Adjustment Formula means an increase in the number of shares of the Company's common stock arising as a result of the stock split.

- (iii) In the case of issuing or granting shares with put options for which shares of the Company's common stock are to be delivered at a price lower than the market value specified in Section 11(4)(ii) or issuing or granting warrants (including those attached to bonds) for which their holders are entitled to ask for the delivery of shares of the Company's common stock at a price lower than the market value specified in Section 11(4)(ii) (excluding series 17 warrants and series 19 warrants), except where the Company issues stock options to its officers or employees, the exercise price after adjustment shall be calculated by the Exercise Price Adjustment Formula on the assumption that all put options or all warrants, as the case may be, are exercised under the original conditions. the Exercise Price so adjusted shall become effective on the payment date for shares with put options, on the allotment date of warrants, or on the effective date for the allotment of securities without contribution, as the case may be. If, however, a record date for identifying the shareholders eligible for the allotment is set, the Exercise Price after adjustment shall be effective from the day immediately following the record date.
- (iv) In the case where shares of the Company's common stock are delivered at a price lower than the market value specified in Section 11(4)(ii), in exchange for the Company's acquisition of shares subject to call or warrants (including those attached to bonds) subject to call that the Company has already issued

The Exercise Price after adjustment shall become effective on the day immediately following the acquisition date.

Notwithstanding the foregoing, if any adjustment to the exercise price made under Item (iii) occurs before the adjustment made pursuant to the preceding paragraphs in relation to the shares subject to

call or warrants (including those attached to bonds) subject to call in question, the exercise price to be obtained after the latter adjustment shall be calculated with consideration for the former adjustment.

- (v) Notwithstanding Items (i) to (iii) above, if a record date is set in any of the cases described in those Items and the validity of the Exercise Price after adjustment is subject to the approval of the shareholders meeting, the board of directors or any other authorized organization of the Company to be obtained after the record date, the Exercise Price after adjustment shall become effective on the day immediately following the approval date. In this situation, if any Warrant Holder exercises Warrants during the period from the day immediately following the record date to the approval date, the Company shall additionally deliver shares of its common stock to the Warrant Holder in the number calculated by the following formula.

$$\text{Number of shares} = \frac{\left(\begin{array}{c} \text{Exercise} \\ \text{Price} \\ \text{before} \\ \text{adjustment} \end{array} - \begin{array}{c} \text{Exercise} \\ \text{Price after} \\ \text{adjustment} \end{array} \right) \times \text{Number of shares issued at the} \\ \text{Exercise Price before adjustment} \\ \text{during the period in question}}{\text{Exercise Price after adjustment}}$$

Fractions less than one share shall be rounded down.

- (3) If the difference between the Exercise Price after adjustment calculated by the Exercise Price Adjustment Formula and the Exercise Price before adjustment is less than one yen, the Exercise Price shall not be adjusted. If, however, the Exercise Price subsequently needs to be adjusted upon occurrence of an event requiring adjustment, the amount obtained by subtracting such difference from the Exercise Price then in effect shall be used as the Exercise Price before adjustment in the Exercise Price Adjustment Formula.
- (4) In the calculation by the Exercise Price Adjustment Formula:
- (i) The value shall be calculated to the first decimal place and rounded to the nearest yen unit.
 - (ii) The market value used in the Exercise Price Adjustment Formula shall be the average closing price of the Company's common stock at the Tokyo Stock Exchange for the 30 consecutive trading days (excluding days on which no closing price is available) beginning on the 45th trading day prior to the effective date of the Exercise Price after adjustment (or prior to the record date, in the case of Item (2)(v) of this Section). In this case, the average value shall be calculated to the second decimal place and rounded off to the first decimal place.
 - (iii) The number of outstanding shares to be used in the Exercise Price Adjustment Formula shall be the total number of issued shares of the Company's common stock as of the record date, if any, for identifying the shareholders eligible for the allotment or as of the day one month prior to the effective date of the Exercise Price after adjustment, if there is no such record date, less the number of such common stock shares held by the Company as of the same date. In the case described in Section 11(2)(ii), the number of shares newly issued or disposed of used in the Exercise Price Adjustment Formula shall not include the number of shares of the Company's common stock to be allotted to such common stock shares held by the Company as of the record date.
- (5) In addition to the case where the Exercise Price is required to be adjusted under Section 11(2), the Company shall make necessary adjustment to the Exercise Price in any of the following cases.
- (i) In the case where the Exercise Price needs to be adjusted for the purpose of a consolidation of shares,

company split, share exchange or merger

- (ii) In the case where the Exercise Price needs to be adjusted due to the occurrence of any other event leading to a change or likely to give rise to a change in the number of shares of the Company's common stock
 - (iii) In the case where multiple events requiring adjustment to the Exercise Price occurs sequentially and the effects from a certain event need to be considered for the purpose of fixing the Exercise Price before adjustment to be used for calculating the Exercise Price after adjustment in connection with any other event
- (6) Notwithstanding the case described in Section 11(2), if the date the exercise price after adjustment is initially applied falls on the Revision Date as defined in Section 10, the Company shall make necessary adjustment.
- (7) When intending to adjust the Exercise Price (or the Minimum Exercise Price), the Company shall notify the Warrant Holders in writing on or before the day immediately preceding the effective date of the adjustment, which notification shall state the intention of making such adjustment, reasons for the adjustment, the Exercise Price before adjustment, the Exercise Price after adjustment (or the Minimum Exercise Price after adjustment), the effective date and other necessary matter. If, however, the Company is unable to provide such advance notification in the case specified in Section 11(2)(v) or under any other circumstances, the Company shall provide the notification of the adjustment promptly after the effective date.

12. Exercise Period for the Warrants

From July 8, 2024 to July 7, 2026

13. Other conditions for exercising Warrants

Exercising any Warrant in part is not allowed.

14. Acquisition of Warrants

If all of BrightPath Biotherapeutics Co., Ltd. Series 3 Unsecured Straight Bonds issued on August 1, 2024 are redeemed and the Company's board of directors adopts a resolution to approve the necessity of acquiring Warrants, the Company may, on the acquisition date determined by the board of directors, acquire all or part of the Warrants held by the Warrant Holders at a price equal to the amount paid in for each Warrant, upon giving 2 weeks' prior notice in accordance with the provisions of Articles 273 and 274 of the Companies Act. If such acquisition covers only a part of all remaining and unexercised Warrants, random drawings or any other impartial selection system shall be used.

15. Issuance of warrant certificates

The Company will not issue warrant certificates for the Warrants.

16. Increase in the stated capital and capital reserves when shares are issued based upon exercise of the Warrants

When shares are issued based upon exercise of Warrants, the amount of stated capital to be increased shall be the amount obtained by multiplying the maximum amount of increase in stated capital as calculated pursuant to Article 17(1) of the Regulations on Corporate Accounting by 0.5, rounding up fractions less than one yen. As a result, the amount of capital reserves to be increased shall be the amount obtained by

subtracting the amount of stated capital to be increased as calculated above from the maximum amount of increase in stated capital as aforesaid.

17. Procedure for exercising Warrants

- (1) To exercise Warrants, the Warrant Holder shall submit a warrant exercise notice stating required matters to the office specified in Section 19 during the exercise period specified in Section 12.
- (2) To exercise Warrants, the Warrant Holder shall, in addition to submitting the exercise notice specified in Section 16(1), pay the full amount of the property required to be contributed upon the warrant exercise in cash by transfer to the Company's designated account in the office for payment specified in Section 20.
- (3) A notice of exercise of Warrants shall become effective on the day on which all of the following are fulfilled: the office for warrant exercise specified in Section 19 shall have been fully informed of all required matters for the warrant exercise and the full amount of the property required to be contributed upon the warrant exercise shall have been paid into the account specified in Section 17(2).

18. Delivery of shares

The Company will deliver shares by book-entry transfer to the account the Warrant Holder designates after the warrant exercise become effective.

19. Office for warrant exercise

Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation

20. Office for payment

Shinbashi Branch, Sumitomo Mitsui Banking Corporation

21. Amount to be paid in for the Warrants and grounds for the calculation of the amount of property to be contributed upon their exercise

The amount to be paid in for one Warrant has been set at the amount specified in Section 8 by taking into consideration these Terms and Conditions and the provisions of the purchase agreement between the Company and the allottee, using a Monte Carlo simulation, which is a general pricing model. In addition, the amount of property to be contributed upon exercise of the Warrants has been set at the amount specified in Section 9.

22. Application of the Act on Book-Entry Transfer of Corporate Bonds and Shares

Given that the Warrants are Book-Entry Transfer Warrants defined in the Act on Book-Entry Transfer of Corporate Bonds and Shares, all Warrants are governed by this Act. The Warrants shall be handled in accordance with the Operational Rules for Book-Entry Transfer of Shares, etc., the enforcement regulations thereof and other regulations established by Japan Securities Depository Center, Inc.

23. Book-entry transfer institution

Japan Securities Depository Center, Inc.
7-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo

24. Miscellaneous conditions

- (1) We will take necessary measures such as replacing with appropriate words when Companies Act or other relevant laws are revised.
- (2) These Terms and Conditions shall be effective when the relevant securities registration statement filed in accordance with the Financial Instruments and Exchange Act takes effect.
- (3) In addition to these Terms and Conditions, other matters necessary for the issuance of the Warrants shall be determined at the discretion of the Company's representative director.

BrightPath Biotherapeutics Co., Ltd. Series 19 Warrants

Terms and Conditions

1. Name of the Warrants

BrightPath Biotherapeutics Co., Ltd. Series 19 Warrants (hereinafter referred to as the "Warrant(s)")

2. Total amount of issue

360,000 yen (4 yen per warrant)

3. Subscription period

Until July 5, 2024

4. Date of allotment and payment

July 5, 2024

5. Offering method

All Warrants are allotted to EVO FUND by the method of allotment of securities to specified third parties (third-party allotment).

6. Class and number of shares underlying the Warrants

- (1) The class of shares underlying all Warrants shall be common stock of BrightPath Biotherapeutics Co., Ltd (hereinafter referred to as the "Company").
- (2) Total number of shares underlying all Warrants shall be 9,000,000 shares. The number of shares underlying one Warrant shall be 100 shares (hereinafter referred to as the "Number of Allotted Shares"). If the Company conducts a stock split or a consolidation of shares for the Company's common stock (hereinafter collectively referred to as "Stock Reconstruction"), the Number of Allotted Shares shall be adjusted in accordance with the following formula. However, fractions less than one share arising from the adjustment shall be rounded down.

Number of Allotted Shares after adjustment

= Number of Allotted Shares before adjustment x Ratio of Stock Reconstruction

If, however, the Number of Allotted Shares is adjusted pursuant to the other reasons, the Number of Allotted Shares shall be adjusted subject to the resolution of the board of directors of the Company as far as it is rational.

7. Total number of the Warrants

90,000 warrants

8. Amount to be paid in for each Warrant

4 yen per Warrant

9. Value of the property to be contributed upon exercise of the Warrants or method of calculating such value

- (1) The property to be contributed upon exercise of each Warrant shall be cash, and its value shall be an amount obtained by multiplying the Exercise Price (as defined below) by the Number of Allotted Shares.
- (2) The amount per share of the Company's common stock to be contributed upon exercise of the Warrants (hereinafter referred to as "Exercise Price") shall initially be 64 yen.

10. Revision of the Exercise Price

- (1) The exercise price is subject to the initial revision on the trading day (as defined below) immediately after the date of allotment and the subsequent revision on the third trading day after the immediately preceding revision date (hereinafter referred to as the "Revision Date"). On each Revision Date, the exercise price will be revised to an amount equal to either: (a) the average value of the closing prices of the Company's common stock in regular trading published by the Tokyo Stock Exchange on the three consecutive trading days immediately preceding the Revision Date, but excluding the days on which no closing price is available ("Calculation Period"), rounded down to the nearest one yen, or (b) 90% of the closing price of the Company's common stock in regular trading published by the Tokyo Stock Exchange on the trading day immediately preceding the Revision Date, rounded down to the nearest one yen, whichever is the higher. If the revised exercise price calculated in the way specified above is to fall below the Minimum Exercise Price (as defined below), the Minimum Exercise Price shall be adopted as the revised exercise price. If, however, there is no closing price on the Revision Date, the exercise price shall not be revised. If an event defined in Section 11 occurs, the closing date on the Revision Date shall be adjusted rationally.

A "trading day" means a day on which a trading session is held on the Tokyo Stock Exchange.

"Revision Date" means the effective date for revising the exercise price on any trading day.

- (2) The minimum exercise price is 32 yen (hereinafter referred to as the "Minimum Exercise Price").
- (3) The Minimum Exercise Price shall be adjusted pursuant to Section 11.

11. Adjustment to the Exercise Price

- (1) If the total number of issued shares of the Company's common stock changes or is likely to change in any of the cases specified in Section 11(2) after the Warrants have been issued, the Company shall adjust the Exercise Price in accordance with the following formula (hereinafter referred to as the "Exercise Price Adjustment Formula").

$$\begin{array}{r} \text{Exercise} \\ \text{Price after} \\ \text{adjustment} \end{array} = \begin{array}{r} \text{Exercise} \\ \text{Price} \\ \text{before} \\ \text{adjustment} \end{array} \times \frac{\begin{array}{r} \text{Number of} \\ \text{outstanding} \\ \text{shares} \end{array} + \frac{\begin{array}{r} \text{Number of} \\ \text{shares newly} \\ \text{issued or} \\ \text{disposed of} \end{array}}{\begin{array}{r} \text{Number of} \\ \text{outstanding} \end{array}} \times \frac{\begin{array}{r} \text{Amount} \\ \text{contributed per} \\ \text{share} \end{array}}{\begin{array}{r} \text{Number of shares} \\ \text{newly issued or} \end{array}}$$

shares

disposed of

(2) The Exercise Price shall be adjusted by the Exercise Price Adjustment Formula in any of the following cases. The Exercise Price so adjusted shall be effective from the day specified for each applicable case.

- (i) In the case where the Company newly issues shares of the Company's common stock or disposes of any such shares held by the Company at a price less than the market price specified in Section 11(4)(ii) (including the cases of allotting shares without contribution), except where the Company issues or disposes of shares as stock-based compensation subject to transfer restriction for the Company's officers or employees, delivers shares based on exercise of warrants (including those attached to bonds), acquires shares with put options or shares subject to call, or delivers shares based on exercise of any other right to ask for such delivery, or delivers shares of the Company's common stock in the context of a company split, share exchange or merger. The Exercise Price after adjustment shall become effective on the payment date (which shall be the last day of the payment period designated for the offering or on the effective date for the allotment of securities without contribution, as applicable), or on the day immediately following the record date, if any, for identifying the shareholders eligible for the allotment in such issuance or disposition.
- (ii) In the case of issuing shares of the Company's common stock through a stock split, the exercise price after adjustment shall be effective on the day immediately following the record date for the stock split. In the case of issuing shares of the Company's common stock through allotment of shares without contribution, the exercise price after adjustment shall be effective on the day immediately following the record date for the allotment of shares without contribution if such date exists, or on the day immediately following the date the allotment of shares without contribution get effective.

The "number of shares newly issued or disposed of" used in the Exercise Price Adjustment Formula means an increase in the number of shares of the Company's common stock arising as a result of the stock split.

- (iii) In the case of issuing or granting shares with put options for which shares of the Company's common stock are to be delivered at a price lower than the market value specified in Section 11(4)(ii) or issuing or granting warrants (including those attached to bonds) for which their holders are entitled to ask for the delivery of shares of the Company's common stock at a price lower than the market value specified in Section 11(4)(ii) (excluding series 17 warrants and series 18 warrants), except where the Company issues stock options to its officers or employees, the exercise price after adjustment shall be calculated by the Exercise Price Adjustment Formula on the assumption that all put options or all warrants, as the case may be, are exercised under the original conditions. The Exercise Price so adjusted shall become effective on the payment date for shares with put options, on the allotment date of warrants, or on the effective date for the allotment of securities without contribution, as the case may be. If, however, a record date for identifying the shareholders eligible for the allotment is set, the Exercise Price after adjustment shall be effective from the day immediately following the record date.
- (iv) In the case where shares of the Company's common stock are delivered at a price lower than the market value specified in Section 11(4)(ii), in exchange for the Company's acquisition of shares subject to call or warrants (including those attached to bonds) subject to call that the Company has already issued

The Exercise Price after adjustment shall become effective on the day immediately following the acquisition date.

Notwithstanding the foregoing, if any adjustment to the exercise price made under Item (iii) occurs before the adjustment made pursuant to the preceding paragraphs in relation to the shares subject to call or warrants (including those attached to bonds) subject to call in question, the exercise price to be obtained after the latter adjustment shall be calculated with consideration for the former adjustment.

- (v) Notwithstanding Items (i) to (iii) above, if a record date is set in any of the cases described in those Items and the validity of the Exercise Price after adjustment is subject to the approval of the shareholders meeting, the board of directors or any other authorized organization of the Company to be obtained after the record date, the Exercise Price after adjustment shall become effective on the day immediately following the approval date. In this situation, if any Warrant Holder exercises Warrants during the period from the day immediately following the record date to the approval date, the Company shall additionally deliver shares of its common stock to the Warrant Holder in the number calculated by the following formula.

$$\text{Number of shares} = \frac{\left(\begin{array}{c} \text{Exercise} \\ \text{Price} \\ \text{before} \\ \text{adjustment} \end{array} - \begin{array}{c} \text{Exercise} \\ \text{Price after} \\ \text{adjustment} \end{array} \right) \times \begin{array}{c} \text{Number of shares issued at the} \\ \text{Exercise Price before adjustment} \\ \text{during the period in question} \end{array}}{\text{Exercise Price after adjustment}}$$

Fractions less than one share shall be rounded down.

- (3) If the difference between the Exercise Price after adjustment calculated by the Exercise Price Adjustment Formula and the Exercise Price before adjustment is less than one yen, the Exercise Price shall not be adjusted. If, however, the Exercise Price subsequently needs to be adjusted upon occurrence of an event requiring adjustment, the amount obtained by subtracting such difference from the Exercise Price then in effect shall be used as the Exercise Price before adjustment in the Exercise Price Adjustment Formula.
- (4) In the calculation by the Exercise Price Adjustment Formula:
- (i) The value shall be calculated to the first decimal place and rounded to the nearest yen unit.
 - (ii) The market value used in the Exercise Price Adjustment Formula shall be the average closing price of the Company's common stock at the Tokyo Stock Exchange for the 30 consecutive trading days (excluding days on which no closing price is available) beginning on the 45th trading day prior to the effective date of the Exercise Price after adjustment (or prior to the record date, in the case of Item (2)(v) of this Section). In this case, the average value shall be calculated to the second decimal place and rounded off to the first decimal place.
 - (iii) The number of outstanding shares to be used in the Exercise Price Adjustment Formula shall be the total number of issued shares of the Company's common stock as of the record date, if any, for identifying the shareholders eligible for the allotment or as of the day one month prior to the effective date of the Exercise Price after adjustment, if there is no such record date, less the number of such common stock shares held by the Company as of the same date. In the case described in Section 11(2)(ii), the number of shares newly issued or disposed of used in the Exercise Price Adjustment Formula shall not include the number of shares of the Company's common stock to be allotted to such

common stock shares held by the Company as of the record date.

- (5) In addition to the case where the Exercise Price is required to be adjusted under Section 11(2), the Company shall make necessary adjustment to the Exercise Price in any of the following cases.
 - (i) In the case where the Exercise Price needs to be adjusted for the purpose of a consolidation of shares, company split, share exchange or merger
 - (ii) In the case where the Exercise Price needs to be adjusted due to the occurrence of any other event leading to a change or likely to give rise to a change in the number of shares of the Company's common stock
 - (iii) In the case where multiple events requiring adjustment to the Exercise Price occurs sequentially and the effects from a certain event need to be considered for the purpose of fixing the Exercise Price before adjustment to be used for calculating the Exercise Price after adjustment in connection with any other event
- (6) Notwithstanding the case described in Section 11(2), if the date the exercise price after adjustment is initially applied falls on the Revision Date as defined in Section 10, the Company shall make necessary adjustment.
- (7) When intending to adjust the Exercise Price (or the Minimum Exercise Price), the Company shall notify the Warrant Holders in writing on or before the day immediately preceding the effective date of the adjustment, which notification shall state the intention of making such adjustment, reasons for the adjustment, the Exercise Price before adjustment, the Exercise Price after adjustment (or the Minimum Exercise Price after adjustment), the effective date and other necessary matter. If, however, the Company is unable to provide such advance notification in the case specified in Section 11(2)(v) or under any other circumstances, the Company shall provide the notification of the adjustment promptly after the effective date.

12. Exercise Period for the Warrants

From July 8, 2024 to July 7, 2027

13. Other conditions for exercising Warrants

Exercising any Warrant in part is not allowed.

14. Acquisition of Warrants

If all of BrightPath Biotherapeutics Co., Ltd. Series 3 Unsecured Straight Bonds issued on August 1, 2024 are redeemed and the Company's board of directors adopts a resolution to approve the necessity of acquiring Warrants, the Company may, on the acquisition date determined by the board of directors, acquire all or part of the Warrants held by the Warrant Holders at a price equal to the amount paid in for each Warrant, upon giving 2 weeks' prior notice in accordance with the provisions of Articles 273 and 274 of the Companies Act. If such acquisition covers only a part of all remaining and unexercised Warrants, random drawings or any other impartial selection system shall be used.

15. Issuance of warrant certificates

The Company will not issue warrant certificates for the Warrants.

16. Increase in the stated capital and capital reserves when shares are issued based upon exercise of

the Warrants

When shares are issued based upon exercise of Warrants, the amount of stated capital to be increased shall be the amount obtained by multiplying the maximum amount of increase in stated capital as calculated pursuant to Article 17(1) of the Regulations on Corporate Accounting by 0.5, rounding up fractions less than one yen. As a result, the amount of capital reserves to be increased shall be the amount obtained by subtracting the amount of stated capital to be increased as calculated above from the maximum amount of increase in stated capital as aforesaid.

17. Procedure for exercising Warrants

- (1) To exercise Warrants, the Warrant Holder shall submit a warrant exercise notice stating required matters to the office specified in Section 19 during the exercise period specified in Section 12.
- (2) To exercise Warrants, the Warrant Holder shall, in addition to submitting the exercise notice specified in Section 16(1), pay the full amount of the property required to be contributed upon the warrant exercise in cash by transfer to the Company's designated account in the office for payment specified in Section 20.
- (3) A notice of exercise of Warrants shall become effective on the day on which all of the following are fulfilled: the office for warrant exercise specified in Section 19 shall have been fully informed of all required matters for the warrant exercise and the full amount of the property required to be contributed upon the warrant exercise shall have been paid into the account specified in Section 17(2).

18. Delivery of shares

The Company will deliver shares by book-entry transfer to the account the Warrant Holder designates after the warrant exercise become effective.

19. Office for warrant exercise

Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation

20. Office for payment

Shinbashi Branch, Sumitomo Mitsui Banking Corporation

21. Amount to be paid in for the Warrants and grounds for the calculation of the amount of property to be contributed upon their exercise

The amount to be paid in for one Warrant has been set at the amount specified in Section 8 by taking into consideration these Terms and Conditions and the provisions of the purchase agreement between the Company and the allottee, using a Monte Carlo simulation, which is a general pricing model. In addition, the amount of property to be contributed upon exercise of the Warrants has been set at the amount specified in Section 9.

22. Application of the Act on Book-Entry Transfer of Corporate Bonds and Shares

Given that the Warrants are Book-Entry Transfer Warrants defined in the Act on Book-Entry Transfer of Corporate Bonds and Shares, all Warrants are governed by this Act. The Warrants shall be handled in accordance with the Operational Rules for Book-Entry Transfer of Shares, etc., the enforcement regulations thereof and other regulations established by Japan Securities Depository Center, Inc.

23. Book-entry transfer institution

Japan Securities Depository Center, Inc.
7-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo

24. Miscellaneous conditions

- (1) We will take necessary measures such as replacing with appropriate words when Companies Act or other relevant laws are revised.
- (2) These Terms and Conditions shall be effective when the relevant securities registration statement filed in accordance with the Financial Instruments and Exchange Act takes effect.
- (3) In addition to these Terms and Conditions, other matters necessary for the issuance of the Warrants shall be determined at the discretion of the Company's representative director.