Supplementary Explanatory Material on the Financing Scheme for the Issuance of 41st Series SARs (with Exercise Price Adjustment Clause) and 42nd Series SARs through TPA, and Execution of SAR Purchase Agreement (Commit Issue)

Kubota Pharmaceutical Holdings Co., Ltd. (TSE Growth Market 4596)

October 23, 2026

Overview of the Financing

	42nd Stock Acquisition Rights	41st Stock Acquisition Rights (Adjustable Exercise Price)
Scheme	FS Warrants (Fixed Strike)	MS Warrants (with Commitment Clause) ✓Commitment to exercise JPY 600 million or more, in principle within 1 year
Allottee	Ryo Kubota, MD, PhD	EVO FUND
Expected Proceeds	JPY 1.20 billion If all rights are exercised at an exercise price of JPY 60	JPY 1.20 billion If all rights are exercised at an exercise price of JPY 60
Dilution / Potential Shares	12.3% / 20 million shares	12.3% / 20 million shares
Exercise Price	JPY 60 100% of the closing price on the business day prior to the resolution date	Zero discount Every 2 trading days, adjusted to the average closing price of the preceding 2 trading days × 100%; floor exercise price JPY 30
Suspension / Cancellation (Suspension / Acquisition)	None However, an acquisition clause at maturity applies	Yes ✓ Exercise suspensions may be requested any number of times / Acquisition possible from 1 month after the payment date
Lock-up / Right of First Refusal	None	None ✓ No provisions restricting future financing
Exercise Period	5 years November 10, 2026 – November 10, 2031	2 years November 10, 2026 – November 10, 2028

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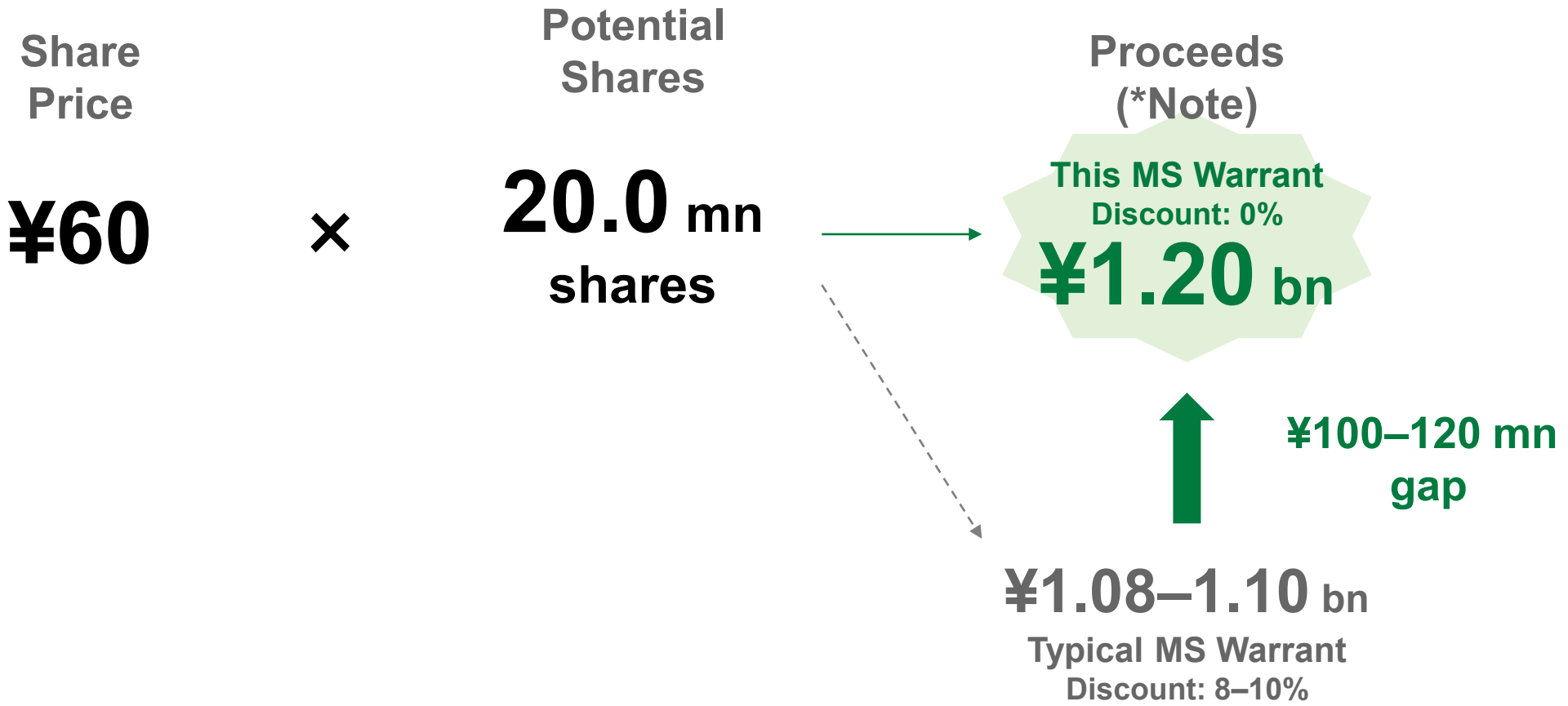
MS Warrants: Focus on the Discount Rate

Given the weak market environment for small- and mid-cap stocks in Japan, the Company selected an exercise price design with no discount to the reference share price, in order to reduce the effective financing cost arising from discounts



Note: The share price is the closing price on October 22, 2026. Proceeds assume that all rights are exercised at that share price.

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The Allottees Hold Shares of the Company

If the share price declines as a result of this financing, the value of the shares held by the allottees would also decline; accordingly, the allottees are expected to exercise their rights with due consideration for the impact on the share price. Dr. Kubota intends to hold a portion of the shares acquired through exercise over the medium to long term.

42nd Stock Acquisition Rights

Ryo Kubota

Representative Director,
Chairman, President and CEO

Shareholding Ratio

35.2%

41st Stock Acquisition Rights
(Adjustable Exercise Price)

Shareholding Ratio

1.6%

Note: Shareholding ratios are calculated by dividing (i) the total of 42,714,000 shares held by Ryo Kubota (as of September 30, 2026) and 14,285,700 shares held by Kubota Asset Management Co., Ltd. (as of October 13, 2026), and (ii) 2,600,000 shares held by EVO FUND (as of October 22, 2026), respectively, by the total number of issued shares of 162,144,288 (as of August 31, 2026).

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Q&A on the Financing

Selection of Financing Scheme

Q Why did the Company combine two types of stock acquisition rights, the 41st and the 42nd?

A Rather than relying on a single financing method, the Company has diversified its financing means in order to establish a framework that enables it to raise the necessary funds more flexibly and with greater certainty, while minimizing any adverse impact on the interests of existing shareholders.

- ✓ 41st (with exercise price adjustment clause): As long as the share price does not fall below the floor exercise price, a certain amount of funding is expected to be raised promptly, regardless of the share price level
- ✓ 42nd (fixed exercise price): Exercise below the current share price is not anticipated, providing an opportunity for additional financing when the share price rises in the future. If the Company issues new shares or other securities at a price below the exercise price, the exercise price will, in principle, be adjusted; however, such adjustment will not be made unless all Audit and Supervisory Committee members approve it.

Q Why was the exercise price designed with no discount (zero discount)?

A The exercise price of stock acquisition rights with an exercise price adjustment clause is generally adjusted at a discount of approximately 8–10% to the closing price; however, the 41st Stock Acquisition Rights are designed with no discount. This is expected to provide the following benefits:

- ✓ Exercise at prices close to the market price: The design minimizes the impact on existing shareholders and gives due consideration to their interests
- ✓ Larger proceeds: As no discount is applied, the amount raised through exercise is expected to be larger
- ✓ Avoidance of excessive share supply: By using the simple average over the pricing period, the exercise price may exceed the previous closing price when the share price is declining, which is expected to help avoid excessive supply that could cause further price declines

EVO FUND primarily invests through stock acquisition rights with no discount to the reference share price (EVO-ZERO®), and has a track record of multiple cases in which it exercised all allotted rights and contributed to the financing of listed companies.

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Q&A on the Financing (Continued)

Use of Proceeds	**Q** What are the uses of proceeds from this financing? **A** The total amount to be raised through this third-party allotment is expected to be approximately JPY 2,380 million, and the specific uses are planned as follows: ✓ R&D and commercialization expenses (JPY 1,380 million; January 2027 – December 2031): Approx. JPY 780 million for R&D and commercialization of emixustat hydrochloride, and approx. JPY 600 million for R&D of the Kubota Glass technology ✓ Working capital for business operations (JPY 1,000 million; January 2027 – December 2028): Personnel, outsourcing, administrative and other general operating expenses (annual operating expenses of approx. JPY 600–700 million) As the amount and timing of proceeds depend on the exercise status of the stock acquisition rights, the Company intends to determine the amount and timing of expenditures for each use based on the actual exercise status.
Reasons for Selecting the Allottees	**Q** What are the reasons for selecting the allottees? **A** Dr. Kubota was selected as an allottee because, as the Company's top management, he has a track record of subscribing for common shares issued by the Company through a third-party allotment on December 22, 2025, and is able to assume the risk with a full understanding of the Company's business and its uncertainties; and because he intends to hold a portion of the shares acquired through exercise of the 42nd Stock Acquisition Rights over the medium to long term, which can mitigate to some extent the impact of market sales on the share price. In addition, while consulting with several securities firms, the Company received a proposal in September 2026 from EVOLUTION JAPAN Securities Co., Ltd. for financing through these stock acquisition rights. After internal discussion and comparative review, the Company determined that this scheme is an effective financing method, as it enables the Company to raise the required funds with a high degree of certainty while limiting the temporary impact on the share price and avoiding an excessive impact on existing shareholders.

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Q&A on the Financing (Continued)

Market Impact

Q How do the allottees intend to sell the shares they acquire?

A EVO FUND's purpose is pure investment, and it will basically sell the acquired shares on the market, while always taking into account the impact on the market. The Company has also confirmed that EVO FUND will not transfer its economic exposure through swaps or similar arrangements and will share its trading records upon the Company's request. Dr. Kubota plans to sell a portion of his shares to secure the funds required for exercise, but intends to continue holding the remaining shares over the medium to long term.

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