Sosei Announces Restatements of Previously Issued Quarterly and Full Year Accounts

- *Revenues and operating expenses are not impacted by restatements*
- *Restatements limited to changes in previous tax charge estimates under IFRS*
- *Q3 FY2017 results to be released on 14 February 2018*

Tokyo, Japan and London, United Kingdom – 2 February 2018: Sosei Group Corporation ("Sosei" or the "Company"; TSE Mothers Index: 4565), the world leader in GPCR medicine design and development, today announced that it will be restating selected financial statements previously issued by the Company.

Revenues and operating expenses are not impacted by the restatements.

The following periods will be subject to adjustments related to estimated tax charges under IFRS and associated balance sheet values[*].

- Q2 FY2016 (three-month period ended 30 September 2016)
- Q3 FY2016 (three-month period ended 31 December 2016)
- Q4 FY2016 / FY2016 (three- and 12-month periods ended 31 March 2017)
- Q1 FY2017 (three-month period ended 30 June 2017)
- Q2 FY2017 (three-month period ended 30 September 2017)

During 2017, the Company appointed new tax advisors and conducted a comprehensive global tax review. The outcome of the review indicated that tax advice previously received by the Company was inconsistent with the current global tax environment and, accordingly, the Company may have filed two erroneous tax returns in Japan, related to an additional Japanese tax liability arising from its UK operations. The Company has taken immediate and voluntary action to amend the previously filed tax returns, and to make all necessary disclosures to the relevant tax authorities.

The Company has assessed the total tax expense increase on FY2016 reported earnings (Q2, Q3 and Q4 FY2016) to be less than JPY 500 million (before potential penalties which are capped[†]), and will restate these accounts to reflect these changes. In addition, Q1 and Q2 FY2017 tax expenses will see modest increases (estimated to be less than JPY 200 million combined) which will be reflected in restated accounts. It is important to note that revenues and operating expenses are not impacted by the restatements in any way.

The Company will release its Q3 FY2017 results (three-month period ended 31 December 2017), together with all the restated accounts on 14 February 2018.

-Ends-

[*] The only items that are impacted are the tax expense/benefit line in the Statement of Comprehensive Income, and the associated deferred tax asset/liability and tax creditor values in the Statement of Financial Position.

[†] Potential penalties only apply to FY2016 and are capped at a maximum amount of JPY 150 million. Management expect any potential penalty amount to be less than this given the Company self-reported the issue immediately and voluntarily to the relevant tax authorities.

About Sosei
Sosei is an international biopharmaceutical company focused on the design and development of new medicines originating from its proprietary GPCR-targeted StaR® technology and structure-based drug design platform capabilities. The Company is advancing a broad and deep pipeline of partnered and wholly owned product candidates in multiple therapeutic areas, including CNS, cancer, metabolic diseases and other rare/specialty indications. The Company's leading clinical programs include a proprietary Phase 2 candidate for dementia with Lewy bodies (DLB) in Japan, together with partnered candidates aimed at the symptomatic treatment of Alzheimer's disease (with Allergan) and immuno-oncology approaches to treat cancer (with AstraZeneca). Sosei's additional partners and collaborators include Novartis, Teva, Pfizer, Daiichi-Sankyo, PeptiDream, Kymab and MorphoSys. The Company is headquartered in Japan with R&D facilities in the UK.

Sosei is listed on the Mothers Index of the Tokyo Stock Exchange (ticker: 4565). For more information, please visit http://www.sosei.com/en/.

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Sosei Forward-looking statements
This press release may contain forward-looking statements, including statements about the discovery, development and commercialisation of products. Various risks may cause Sosei's actual results to differ materially from those expressed or implied by the forward-looking statements, including: adverse results in clinical development programmes; failure to obtain patent protection for inventions; commercial limitations imposed by patents owned or controlled by third parties; dependence upon strategic alliance partners to develop and commercialise products and services; difficulties or delays in obtaining regulatory approvals to market products and services resulting from development efforts; the requirement for substantial funding to conduct research and development and to expand commercialisation activities; and product initiatives by competitors. As a result of these factors, prospective investors are cautioned not to rely on any forward-looking statements. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.