PRESS RELEASE

Sosei Heptares Operational Highlights and Consolidated Results for the 12 Months ended 31 December 2019

Tokyo, Japan and London, UK, 13 February 2020 – Sosei Group Corporation ("the Company"; TSE: 4565) provides an update on operational activities and reports its consolidated results for the twelve months ended 31 December 2019. The full report can be accessed by clicking here.

Operational Highlights for Q4 2019

- **US$3 million payment received from Genentech** – triggered by the nomination of a new GPCR disease target under the multi-target research collaboration and license agreement, signed in July 2019
- **Positive results announced from Phase III IRIDIUM study of QVM149 in patients with uncontrolled asthma announced by Novartis** – QVM149 is an investigational, once-daily, inhaled combination treatment for asthma submitted for registration in Europe (Q2 2019) and Japan (Q3 2019) in which Sosei Heptares has an economic interest
- **US$5 million clinical milestone from Pfizer** – triggered by Pfizer dosing the first subject in a clinical trial with a new drug candidate nominated from the multi-target drug discovery collaboration between the two companies
- **US$3 million pre-clinical milestone from Pfizer** – payment resulted from the nomination of a third clinical candidate from the multi-target drug discovery collaboration between the two companies
- **Creation of Scientific Advisory Board (SAB)** – new SAB includes experts from academia and the pharmaceutical industry in the US and Europe. The SAB will provide valuable insight and perspective relevant to strategic areas of focus for Sosei Heptares

Operational Highlights for the Full Year 2019

- **Two new multi-target collaborations initiated with major global partners** – Genentech and Takeda – together, these collaborations are expected to generate up to US$52 million in the form of upfront and early progress payments over the next two to three years, with potential for significant future milestone payments plus royalties
- **Excellent progress with other partnered programs –** AstraZeneca (AZD4635), Pfizer (two candidate nominations), Novartis (QVM149), all triggering progress-related milestones
- **Creation of two spin-out companies –** Spin out of discovered assets (orexin agonists targeting neurological diseases) into Orexia Ltd and Inexia Ltd with funding of up to €40 million from Medicxi, an international investment firm focused on the life sciences sector. Significant progress, triggering release of funding, reported in January 2020
- **R&D Day for investors (September 2019)** – successful event held in Japan showcasing the Company's state-of-the-art UK R&D center, the potential of StaR® technology and artificial intelligence in drug discovery and how this positions Sosei Heptares to continue

delivering high-quality drug candidates, strategic partnerships and significant shareholder value

Financial Highlights for the 12-month Period ended 31 December 2019

- Revenue totalled JPY 9,726 million (US$89.2 million) (an increase of JPY 6,176 million (US$57.0 million) vs. the prior corresponding period), and related primarily to strong growth in milestones, upfront fees from new partnerships plus royalty payments received.
- Total cash operating expenses[1] were down to JPY 6,101 million (US$55.9 million) (an improvement of JPY 2,865 million (US$25.4 million) vs. the prior corresponding period), primarily due to a decrease in R&D costs.
- Cash profit[2] totalled JPY 2,802 million (US$25.7 million) vs. a cash loss of JPY 5,704 million (US$51.7 million) in the prior corresponding period, as a result of strong revenue growth and tight cost management.
- Net profit totalled JPY 1,432 million (US$13.1 million) vs. a net loss of JPY 6,919 million (US$62.7 million) in the prior corresponding period, on the back of strong business plan execution.
- Term loan facilities were fully repaid in FY2019. New ¥5bn ($45m) commitment line (undrawn) established with Mizuho Bank provides financial flexibility for the future
- The Company remains well capitalized, with Cash at Hand of JPY 15,375 million (US$140.3 million) as at 31 December 2019.

* *Convenience conversion to US$ at the following rates: 2019: 1US$ =109.035 JPY; 2018: 1US$ =110.291 JPY*

Shinichi Tamura, Chairman, President and CEO of Sosei Heptares, commented: "We are delighted with the multiple successes we have delivered in 2019 as we execute our strategy of achieving sustainable profitability through drug discovery, early development and partnering. The new collaborations that we signed in the latter part of the year with Genentech and Takeda illustrate this strategy in action and complement the important strategic partnerships we already have in place with AstraZeneca, Pfizer and others. During the year, we also signed an innovative deal with Medicxi, which agreed to provide up to €40 million to create and support two spin-out companies based on our orexin agonist discoveries. These companies have made an excellent start resulting in the release of funds to advance into the next stages. Over the course of 2019 we continued to extend the capabilities of our GPCR-focused drug discovery platform through the integration of cutting-edge technologies and expertise. We believe that these enhanced capabilities will improve both our ability to generate novel molecules and to create the further strategic partnering opportunities that are central to our strategy to deliver shareholder value."

Abbreviations used: GPCR – G protein-coupled receptors

[1] Non-IFRS measure
[2] Non-IFRS measure

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About Sosei Heptares

We are an international biopharmaceutical group focused on the discovery and early development of new medicines originating from our proprietary GPCR-targeted StaR® technology and structure-based drug design platform capabilities. We are advancing a broad and deep pipeline of novel medicines across multiple therapeutic areas, including CNS, immuno-oncology, gastroenterology, inflammation and other rare/specialty indications.

We have established partnerships with some of the world's leading pharmaceutical companies, including Allergan, AstraZeneca, Daiichi-Sankyo, Genentech (Roche), Novartis, Pfizer and Takeda; and with innovative biotechnology companies, including Kymab, MorphoSys and PeptiDream. Sosei Heptares is headquartered in Tokyo, Japan with R&D facilities in Cambridge, UK.

"Sosei Heptares" is the corporate brand of Sosei Group Corporation, which is listed on the Tokyo Stock Exchange (ticker: 4565). Sosei, Heptares, the logo and StaR® are Trade Marks of Sosei Group companies.

For more information, please visit https://www.soseiheptares.com/
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Forward-looking statements

This press release contains forward-looking statements, including statements about the discovery, development and commercialization of products. Various risks may cause Sosei Group Corporation's actual results to differ materially from those expressed or implied by the forward-looking statements, including: adverse results in clinical development programs; failure to obtain patent protection for inventions; commercial

limitations imposed by patents owned or controlled by third parties; dependence upon strategic alliance partners to develop and commercialize products and services; difficulties or delays in obtaining regulatory approvals to market products and services resulting from development efforts; the requirement for substantial funding to conduct research and development and to expand commercialization activities; and product initiatives by competitors. As a result of these factors, prospective investors are cautioned not to rely on any forward-looking statements. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.