PRESS RELEASE

Sosei Heptares Operational Highlights and Consolidated Results for the Nine Months ended 30 September 2020

Tokyo, Japan and Cambridge, UK, 11 November 2020 – Sosei Group Corporation ("the Company"; TSE: 4565) provides an update on operational activities and reports its consolidated results for the nine months ended 30 September 2020. The full report can be accessed by clicking here.

Shinichi Tamura, Chairman, President and CEO of Sosei Heptares, commented: "The past quarter has seen Sosei Heptares maintain excellent levels of operational activity and continue to make good progress driving its growth strategy forwards despite the ongoing pandemic.

"The new funds we secured in July, will allow us to identify and execute strategic opportunities to accelerate our long-term growth through organic and inorganic means. We are evaluating several such opportunities and expect a number of these to come to fruition.

"In addition, our business development remains very active as we seek to generate value from our pipeline through both traditional discovery and development partnerships and novel VC-backed spin-out companies.

"We were very excited therefore with the creation of Tempero Bio, which has been established by Aditum Bio to advance the clinical development of our mGlu5 NAM programme in addiction and anxiety. This agreement further demonstrates the high quality of candidates we can design and develop and in turn the high quality of partner these can attract.

"We continue to believe that we have all the elements in place to drive our continued success and we look forward to updating our shareholders as we reach future value-creating milestones."

Operational Highlights for Q3 2020

- **Approximately US$195 million raised from International Offering of shares and convertible bonds** – the Company intends to use most of the funds to pursue strategic growth initiatives including:
  - a potentially transformative acquisition to secure long-term revenue growth;
  - investments in novel technologies that complement and future-proof its drug discovery platform;
  - expansion of its drug candidate discovery and early development into new target classes; and
  - in-licensing late-stage clinical assets to develop for the Japanese market.

  The balance of funds will support organic growth initiatives, and corporate purposes.
- **Second novel drug candidate resulting from multi-target drug discovery collaboration with Pfizer entered clinical trials –** dosing of first subject by Pfizer triggered US$5 million

payment to Sosei Heptares. PF-07054894, a CCR6 antagonist targeting Inflammatory Bowel Disease, originating from the Pfizer/Sosei Heptares collaboration, was nominated for clinical development by Pfizer in June 2019.

- **Enerzair® Breezhaler® approved in Europe for asthma –** the approval, which closely follows approval in Japan, also includes an optional digital companion with sensor and app designed to improve compliance and to better support therapeutic decisions. Sosei Heptares received a US$5 million milestone payment from Novartis on this milestone being reached.
- **Positive clinical trial results published by Novartis show benefit of Enerzair® Breezhaler® (QVM149) in uncontrolled asthma –** results from Phase 3 IRIDIUM trial published in *The Lancet Respiratory Medicine*, and post hoc analysis showing high-dose Enerzair® Breezhaler® reduces asthma exacerbations versus medium-dose published at the European Respiratory Society (ERS) Virtual International Congress 2020.
- **Japan investor relations team expanded –** top-ranked investment analyst Hironoshin Nomura joins as Senior Vice President, Investor Relations and Corporate Strategy

Post-period Highlights

- **Creation of new company - Tempero Bio - with specialist venture capital firm Aditum Bio (founded by ex-Novartis executives Joe Jimenez and Mark Fishburn) –** Tempero in-licensed Sosei Heptares' Phase 1 mGlu5 negative allosteric modulator program to develop novel therapeutics targeting addiction and anxiety. Sosei Heptares received an upfront payment and strategic equity stake in Tempero Bio and is eligible to receive future success-based development and commercial milestone payments plus tiered royalties from any future product sales.

Financial Highlights for the Nine-month Period ended 30 September 2020

- Revenue totalled JPY 4,443 million (US$41 million*), a decrease of JPY 3,327 million (US$30 million) vs. the prior corresponding period. This was primarily due to there being two US$5m milestone receipts from existing collaborations, whereas the prior corresponding period included a one-off US$15 million major milestone payment from AstraZeneca, plus substantial upfront fees from partnering activities. Timing of new business development deals and progress related to existing programs can vary considerably from quarter to quarter. The Company expects to achieve new upfront and milestone payments later in the fiscal year.
- Cash R&D expenses were carefully managed and totalled JPY 2,411 million (US$22 million), a decrease of JPY 476 million (US$4 million) vs. the prior corresponding period. This was primarily related to a reduction in project activity caused by the operational impact of the COVID-19 pandemic, as well as the successful recovery of excess costs incorrectly charged by one supplier. In the period under review, 96% of R&D spend related to UK operations.
- Cash G&A expenses totalled JPY 1,339 million (US$12 million), a decrease of JPY 293 million (US$2 million) vs. the prior corresponding period, and was primarily related to a

reduction in UK National Insurance liability linked to share-based payments as a result of the decline in the Company's share price over the period.

- Cash earnings** totalled JPY 314 million (US$3 million) vs. a cash earnings of JPY 2,705 million (US$25 million) in the prior corresponding period. The main reason for the decrease was due to the decrease in revenue as stated above.
- Net loss totalled JPY 1,642 million (US$15 million) vs. a net profit of JPY 1,461 million (US$13 million) in the prior corresponding period. The main reason for the net loss was due to the decrease in revenue as stated above.
- Cash and cash equivalents increased by JPY 22,425 million from the beginning of the year and amounted to JPY 37,800 million as at September 30, 2020.
- Net cash provided by financing activities for the period under review totalled JPY 20,678 million. This was primarily due to net cash inflows from the issuance of new shares raising JPY 5,134 million (including shares issued through an international offering) and the issuance of convertible bonds raising JPY 15,902 million.

**Convenience conversion to US$ at the following rates: 2020: 1US$ =107.566 JPY; 2019: 1US$ =109.130 JPY*
***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 neurology, immunology, gastroenterology and inflammatory diseases.

We have established partnerships with some of the world's leading pharmaceutical companies, including AbbVie, AstraZeneca, Genentech (Roche), Novartis, Pfizer and Takeda and additionally with multiple emerging technology companies. Sosei Heptares is headquartered in Tokyo, Japan with corporate and R&D facilities in Cambridge, UK.

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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.