PRESS RELEASE

Sosei Heptares Operational Highlights and Consolidated Results for the Nine Months ended 30 September 2019

Tokyo, Japan and London, UK, 12 November 2019 – 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 2019. The full report can be accessed by clicking here.

Operational Highlights for Q3 2019

- **Two new multi-target collaborations initiated with major global partners** – Genentech and Takeda – together, these collaborations are expected to generate up to $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.
- **Global R&D collaboration with Allergan update** – programs continue to advance through development: multiple compounds with the potential to be new candidates generated. Clinical development of HTL0018318 in Alzheimer's disease remains voluntarily suspended while investigative work continues.
- **Phase 2 trial of HTL0018318 in DLB patients in Japan** – decision made to withdraw study to minimize CRO expenditure while clinical trial activities are suspended. The Company remains committed to the DLB program in Japan and plans to resubmit a new clinical trial notification with the Japanese PMDA in the future.
- **R&D Day for investors in Japan (12 September 2019)** – 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 strong shareholder value.
- **Milestone payment received from Formosa Pharmaceuticals on advancement of APP13007** – a divested candidate for post-operative inflammation of the eye

Post Q3 Events

- **US$3 million payment received from Genentech (October)** – 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 (October)** – 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.

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Financial Highlights for the Nine-month Period ended 30 September 2019

- Revenue totalled JPY 7,770 million (US$71.2 million) (an increase of JPY 4,898 million (US$45.4 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 4,519 million (US$41.4 million) (an improvement of JPY 2,279 million (US$19.8 million) vs. the prior corresponding period), primarily due to a decrease in R&D costs.
- Cash profit[2] totalled JPY 2,674 million (US$24.5 million) vs. a cash loss of JPY 4,125 million (US$37.1 million) in the prior corresponding period, as a result of strong revenue growth and tight cost management.
- Net profit totalled JPY 1,461 million (US$13.4 million) vs. a net loss of JPY 5,978 million (US$53.8 million) in the prior corresponding period, on the back of strong business plan execution.
- The Company remains well capitalized, with Cash at Hand of JPY 20,729 million (US$192.0 million) as at 30 September 2019.

* Convenience conversion to USD at the following rates: 2019: 1USD =109.13 JPY; 2018: 1USD =111.12 JPY

Shinichi Tamura, Chairman, President and CEO of Sosei Heptares, commented: "We are delighted with progress made during the third quarter in executing our strategy, which is focused on achieving sustainable profitability through drug discovery and partnering. The recent collaborations with Genentech and Takeda are great examples of this strategy in action and further increase the diversity of projects for which our GPCR-focused drug discovery platform is being applied. Our R&D day in September provided a fantastic showcase of this platform and demonstrated how we are continuing to extend its capabilities through the integration of cutting-edge technologies and expertise. We believe that this strategy will enhance both our ability to generate novel molecules and to create further strategic partnering opportunities as we focus on delivering shareholder value."

Abbreviations used: CRO – Contract Research Organization; DLB – dementia with Lewy bodies; GPCR – G protein-coupled receptors; PMDA - Pharmaceuticals and Medical Devices Agency

– **ENDS** –

[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.

For more information, please visit https://www.soseiheptares.com/
LinkedIn: @soseiheptaresco | Twitter: @soseiheptaresco | YouTube: @soseiheptaresco

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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.