

## Sosei Heptares Operational Highlights and Consolidated Results for the First Quarter 2022

Tokyo, Japan and Cambridge, UK, 13 May 2022 – Sosei Group Corporation (“the Company”; TSE: 4565) provides an update on operational activities and reports its consolidated results for the first quarter ended 31 March 2022. The full report can be found by [clicking here](#).

**Chris Cargill, President and CEO of Sosei Heptares, commented:** “Sosei Heptares is entering a new and exciting phase in 2022. We have made strong progress evolving our organic strategy and operational model and have put in place key pillars that significantly augment the existing talent and expertise at the Company. With a new leadership team and exciting collaborations underway with innovative partners such as Verily and Weatherden, we are building an agile, world-leading drug discovery and translational medicine capability in the UK to accelerate our shift toward becoming a multi-program, early clinical-stage business. Our goal is to take our best programs through Phase 1b/2a trials in patients, to cost effectively establish clinical proof-of-concept and support the delivery of much-needed medicines to patients as fast as possible.

“In addition to driving the above growth plan at our existing R&D business in the UK, we continue to seek expansion opportunities in the areas of drug discovery technology investments, securing products for patients in Japan, and assessing strategic acquisition opportunities.”

### Operational Highlights for Q1 2022

- **New senior leadership team appointed to drive the Company through its next phase of evolution** – building on existing strengths with the aim of establishing a best-in-class drug discovery and development organization.
  - Mr. Chris Cargill appointed Representative Executive Officer, President and Chief Executive Officer
  - Mr. Shinichi Tamura appointed Chairman of the Board
  - Dr. Matt Barnes appointed President of Heptares Therapeutics Ltd. and Head of UK R&D
  - Mr. Hironoshin Nomura appointed as Chief Financial Officer (formerly Senior Vice President, IR & Corporate Strategy)
  - Mr. Kieran Johnson appointed as Chief Accounting Officer (formerly Senior Vice President, Group Financial Controller)
  - Mr. Kazuhiko Yoshizumi is re-appointed as Chief Compliance Officer, and Mr. Tadayoshi Yasui is re-appointed as President of Sosei Co. Ltd, Japan.
  - Dr. Malcolm Weir and Dr. Tim Tasker retired from Executive Officer roles and became consultants to the Company

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- **New strategic research collaboration with Verily** – to leverage the complementary capabilities of Verily's immune profiling and Sosei Heptares' GPCR-focused SBDD to generate novel drug candidates against immune-mediated diseases.

### Post-period Events

- **Strategic collaboration with Weatherden to embed agile operating model and enhance discovery and translational medicine capabilities** – to accelerate the prioritization and progression of multiple pipeline programs through Phase 1b/2a trials to establish clinical proof-of-concept, a key milestone for value creation to support enhanced partnering and growth opportunities.

### Financial Highlights for Three-month period ended 31 March 2022

- Revenue totalled JPY 1,119 million (US\$9.6 million\*), a decrease of JPY 88 million (US\$1.8 million) vs. the prior corresponding period. Revenues related to milestones decreased primarily due to there being one milestone event in Q1 2022 vs. two milestone events in Q1 2021.
- R&D expenses totalled JPY 1,804 million (US\$15.5 million), an increase of JPY 597 million (US\$4.1 million) vs. the prior corresponding period. The increase is primarily due to increased investment in in-house discovery and early development programs, and the cost of a restructuring program designed to accelerate the development of medicines.
- G&A expenses totalled JPY 1,354 million (US\$11.7 million), an increase of JPY 379 million (US\$2.5 million) vs. the prior corresponding period. This was primarily due to the cost of a restructuring program designed to accelerate the development of medicines.
- Operating loss totalled JPY 2,206 million (US\$19.0 million), vs. operating loss of JPY 1,238 million (US\$11.7 million) in the prior corresponding period. The main reason for the increase in the operating loss is the increase in operating expenses for the reasons stated above.
- Net loss for the 3-month period ended 31 March 2022 totalled JPY 2,070 million (US\$17.8 million) vs. net loss of JPY 1,153 million (US\$10.9 million) in the prior corresponding period. The main reason for the net loss is the increase in the operating loss and non-operating expenses (for the reasons stated above).
- Core operating loss\*\* totalled JPY 1,240 million (US\$10.8 million), vs. core operating loss of JPY 683 million (US\$6.6 million) in the prior corresponding period.
- Cash and cash equivalents as at 31 March 2022 decreased by JPY 1,023 million (US\$8.8 million) from the beginning of the year and amounted to JPY 59,064 million (US\$484.8 million).

*\*Convenience conversion to US\$ at the following rates: YTD 2022: 1US\$ =116.19 JPY; YTD 2021: 1US\$ =106.09 JPY, 31 Dec 2021: 1US\$ = 115.07 JPY; 31 Mar 2022: 1US\$ = 121.83 JPY*

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*\*\* Core operating profit / loss is an alternative performance measure which adjusts for material non-cash costs and one-off costs in order to provide insights into the recurring cash generation capability of the core business.*

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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 and multiple emerging technology companies, including AbbVie, AstraZeneca, Biohaven, Genentech (Roche), GSK, Neurocrine Biosciences, Novartis, Pfizer, Takeda and Verily. Sosei Heptares is headquartered in Tokyo, Japan with corporate and R&D facilities in Cambridge, UK.

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

For more information, please visit <https://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.