PRESS RELEASE

Sosei Heptares Operational Highlights and Consolidated Results for the Third Quarter and First Nine Months of 2022

Tokyo, Japan and Cambridge, UK, 11 November 2022 – Sosei Group Corporation ("the Company"; TSE: 4565) provides an update on operational activities and reports its consolidated results for the third quarter and first nine months ended 30 September 2022. The full report can be found here.

Chris Cargill, President and CEO of Sosei Heptares, commented: "We have made exciting progress during the third quarter of 2022, building on the strategic and operational initiatives we implemented earlier in the year. These initiatives are driving us to build an agile, world-leading drug discovery and translational medicine capability and accelerate our transformation into a multi-program, early clinical-stage business.

"Our position continues to be reinforced by the quality of the partners we attract and the progress of the candidates that result from these partnerships. In addition, we are continuing to form collaborations with innovative biotech companies designed to enhance our ability to discover and advance strong development candidates rapidly into our pipeline.

"We are confident that the foundation we have built at Sosei Heptares and the strategy we have in motion will lead to the delivery of multiple important new medicines for patients as well as value for shareholders."

Operational Highlights for Q3 2022

- **New multi-target collaboration with AbbVie to discover, develop and commercialize novel medicines targeting neurological diseases** – Sosei Heptares will conduct and fund R&D activities through the completion of Investigational New Drug (IND)-enabling studies. AbbVie has the exclusive option to license up to three programs at this stage and will have development and commercialization responsibility thereafter. Sosei Heptares received a US$40 million upfront fee and is eligible to receive up to US$40 million in near-term research milestone payments expected over the next three years, as well as further potential option, development and commercial milestones totalling up to US$1.2 billion, plus tiered royalties on global sales. This new collaboration with AbbVie builds on an existing partnership between the companies focused on inflammatory and autoimmune diseases.
- **Significant clinical milestone reached in multi-program muscarinic receptor agonist collaboration with Neurocrine Biosciences** – Neurocrine received IND approval from the US Food and Drug Administration (FDA) for, and confirmed its intent to begin, a Phase 2 clinical trial of NBI-1117568 (formerly HTL-0016878), an investigational, muscarinic M4 selective acetylcholine receptor agonist for the treatment of adults with schizophrenia.

The achievement of this milestone triggered a US$30 million payment to Sosei Heptares. On 28 October 2022, Sosei Heptares noted Neurocrine had announced that it had enrolled and randomized the first patient in this Phase 2 study.

- **Agreement with Cancer Research UK, the world's largest private funder of cancer research, to advance a novel immunotherapy candidate into clinical trials** – CRUK will sponsor, design and conduct a Phase 1/2a trial of HTL0039732, a novel selective EP4 antagonist designed by Sosei Heptares, with potential to treat a wide range of cancers in combination with other immunotherapies.
- **Success at the inaugural Informa Pharma Intelligence Awards Japan –** Sosei Heptares won two awards at this prestigious event:
    - **Licensing Deal of the Year**, recognizing the strategic collaboration and licensing agreement with Neurocrine Biosciences to develop novel muscarinic receptor agonists for the treatment of schizophrenia and other neuropsychiatric disorders, signed in November 2021.
    - President and CEO Chris Cargill won **Executive of the Year**, acknowledging his excellence in leadership and as a driving force behind the Company's growth strategy and evolution.

Post-period Events

- **In October, Sosei Heptares hosted an R&D Day in Tokyo** – the meeting featured presentations by Chris Cargill (President and CEO), Matt Barnes (Head of UK R&D) and Rie Suzuki (Senior Director, Translational Biology) highlighting the Company's vision, strategy, innovative R&D and translational medicine approaches to drug discovery and strong pipeline momentum across its partnered and inhouse programs. A recording of the event can be found here.

Financial Highlights for Nine-month period ended 30 September 2022

- Revenue totalled JPY 8,641 million (US$67.5 million*), an increase of JPY 5,051 million (US$34.6 million) vs. the prior corresponding period. The increase related to the commencement of a new collaboration with AbbVie during the period, which attracted an upfront fee, together with three milestone events (including a US$30m milestone receipt from Neurocrine) vs. five milestone events in the prior corresponding period.
- R&D expenses totalled JPY 5,623 million (US$43.9 million), an increase of JPY 1,291 million (US$4.2 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 3,170 million (US$24.8 million), an increase of JPY 282 million (US$1.8 million) vs. the prior corresponding period. This was primarily due to the cost of the restructuring program, cost inflation and the impact of the weaker Yen.
- Operating loss totalled JPY 615 million (US$4.8 million), vs. operating loss of JPY 4,225 million (US$38.8 million) in the prior corresponding period. The main reason for the decrease in the operating loss is the increase in revenue as stated above.

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- Net loss totalled JPY 3,225 million (US$25.2 million) vs. net loss of JPY 1,825 million (US$16.8 million) in the prior corresponding period. The main reason for the net loss is a higher impairment charge and tax charge.
- Core operating profit** totalled JPY 1,300 million (US$10.2 million), vs. core operating loss of JPY 2,658 million (US$24.4 million) in the prior corresponding period. The increase in core operating profit of JPY 3,958 million (US$34.6 million) is primarily due to the significant increase in revenue.
- Cash and cash equivalents as at 30 September 2022 increased by JPY 1,088 million from the beginning of the year and amounted to JPY 61,175 million.

**Convenience conversion to US$ at the following rates: YTD 2022: 1US$ =127.94 JPY; YTD 2021: 1US$ =108.86 JPY, 31 Dec 2021: 1US$ = 115.08 JPY; 30 Sep 2022: 1US$ = 144.47 JPY*
*** 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, Genentech (Roche), GSK, Kallyope, Neurocrine Biosciences, Novartis, Pfizer, Takeda and Verily. Sosei Heptares is headquartered in Tokyo, Japan with corporate and R&D facilities in Cambridge, UK.

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.