

Sosei Heptares Operational Highlights and Consolidated Results for the First Quarter 2023

Tokyo, Japan and Cambridge, UK, 12 May 2023 – 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 2023. The full report can be found [here](#).

Chris Cargill, President & CEO of Sosei Heptares, commented: “We are continuing to make good progress in building the foundation Sosei Heptares needs to become a leading international biopharmaceutical company headquartered in Japan by 2030.

“A key milestone in that journey was the elevation of our shares to the TSE Prime Market from the Growth Market and our inclusion in the TOPIX index. We are confident that this will improve our ability to attract an increasing number of institutional investors who are familiar with the biotech industry, hold a long-term perspective and can support the acceleration of our growth driven by the core strategy we unveiled and began executing last year. This strategy is focused on (1) enhancing our platform; (2) progressing our partnerships; (3) transforming our R&D; and (4) commercializing products in Japan.

“From a corporate perspective, we have also made great progress in establishing our ESG priorities and published these in our inaugural ESG report. We are working hard to embed these objectives into our business operations as well as our culture and values.

“I am very proud of what our team members in Japan and in the UK have accomplished so far in 2023 and look forward to the start of first-in-human trials for two of our inhouse programs and further progress across our extensive portfolio over the rest of the year.”

Operational Highlights for Q1 2023

- **On 15 March 2023, Sosei Group’s share listing was elevated to the Prime Market segment of the Tokyo Stock Exchange from the Growth Market segment** - Further, on 27 April 2023, Sosei Group shares were included in the Tokyo Stock Price Index (TOPIX), an important stock market index that tracks all domestic companies mainly on the Prime market segment.
- **Publication of inaugural ESG report** – The Report describes the Company’s efforts to prioritize, address and measure its progress on a range of Environmental, Social and Governance (ESG) objectives determined to make a positive impact on its employees, the wider community in which it operates, and the environment.
- **Sosei Heptares’ partner, Tempero Bio, received FDA clearance to advance clinical development of TMP-301 for alcohol and substance use disorders** – TMP-301 (formerly HTL0014242) is a selective, orally available mGluR5 negative allosteric modulator (NAM) candidate discovered by Sosei Heptares and out-licensed to Tempero Bio.

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- **Centessa Pharmaceuticals nominated ORX750 as its product candidate with potential to be a best-in-class therapy for narcolepsy and other sleep disorders** – ORX750 is an orally administered, selective orexin receptor-2 (OX2R) agonist developed using Sosei Heptares' platform, and currently in preclinical development and undergoing IND-enabling activities.
- **Changes to the Board and Executive Management Team** – Eiko Tomita (VP, Global Regulatory Affairs at Bristol Myers Squibb) was elected to the Board of Directors and Candelle Chong was promoted to EVP and Chief of Staff (previously Senior Vice President, Corporate Strategy) at the Annual Shareholder's Meeting and the subsequent Board of Directors meeting held on 23 March 2023.

Financial Highlights for the Three-month Period ended 31 March 2023

- Revenue totalled JPY 943 million (US\$7.1 million*), a decrease of JPY 176 million (US\$2.5 million) vs. the prior corresponding period. The decrease is primarily due to the decrease in revenue related to royalties and other revenue, partially offset by the increase in revenue related to upfront fees and milestone income due to larger releases of deferred revenue.
- R&D expenses totalled JPY 1,957 million (US\$14.8 million), an increase of JPY 153 million (a decrease of US\$0.7 million) vs. the prior corresponding period. The increase is primarily due to increased investment in discovery activities, but also reflects the impact of the weaker Yen.
- G&A expenses totalled JPY 1,109 million (US\$8.4 million), a decrease of JPY 245 million (US\$3.3 million) vs. the prior corresponding period. This was primarily due to a decrease in restructuring costs.
- Operating loss totalled JPY 1,964 million (US\$14.8 million) vs. operating loss of JPY 2,206 million (US\$19.0 million) in the prior corresponding period. This decrease was primarily due to a reduction in G&A expenses and cost of sales, as well as an increase in net other income.
- Net loss before income tax totalled JPY 1,863 million (US\$14.1 million) vs. a net loss before income tax of JPY 2,497 million (US\$21.5 million) in the prior corresponding period. This decrease reflects the combined effect of all of the movements explained above.
- Net loss for the 3-month period ended 31 March 2023 totalled JPY 1,402 million (US\$10.6 million) vs. net loss of JPY 2,070 million (US\$17.8 million) in the prior corresponding period. This decrease reflects the combined effect of all of the movements explained above.
- Core operating loss** totalled JPY 1,465 million (US\$11.1 million) vs. core operating loss of JPY 1,240 million (US\$10.7 million) in the prior corresponding period.
- Cash and cash equivalents as at 31 March 2023 amounted to JPY 66,138 million (US\$498.5 million) having decreased by JPY 419 million (US\$8.5 million) from the beginning of the year.

*Convenience conversion to US\$ at the following rates: FY 2023: 1US\$ =132.32 JPY; FY 2022: 1US\$ =116.19 JPY; 31 Mar 2023: 1US\$ = 132.68 JPY; 31 Dec 2022: 1US\$ = 131.27 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, Genentech (Roche), GSK, Kallyope, Lilly, 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/>
LinkedIn: [@soseiheptaresco](#) | Twitter: [@soseiheptaresco](#) | YouTube: [@soseiheptaresco](#)

Enquiries:

Sosei Heptares – Media and Investor Relations

Japan

Hironoshin Nomura, Chief Financial Officer

Shinichiro Nishishita, VP Investor Relations, Head of Regulatory Disclosures

+81 (0)3 5210 3399

UK

Candelle Chong, Chief of Staff

Maya Bennison, Communications Manager

+44 (0)1223 949390

IR@SoseiHeptares.com

MEDI STRAVA Consulting (for International Media)

Mark Swallow, Frazer Hall, Eleanor Perkin

+44 (0)203 928 6900 | SoseiHeptares@medistrava.com

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



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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.