



Drug Discovery and Early Development targeting GPCRs

38th Annual J.P. Morgan Healthcare Conference, San Francisco, 15 January 2020

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References to "FY" in this presentation for periods prior to 1 January 2018 are to the 12-month periods commencing in each case on April 1 of the year indicated and ending on March 31 of the following year, and the 9 month period from April 1 2017 to December 31 2017. From January 1 2018 the Company changed its fiscal year to the 12-month period commencing in each case on January 1. References to "FY" in this presentation should be construed accordingly.

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Agenda

1

Introduction

2

GPCR Drug Discovery & Early Development

3

2019 Achievements, Financials & 2020 Outlook



1

Introduction

30 years of company history



Sosei Group
founded by
CEO Shinichi
Tamura

Acquired Arakis, a
UK biotech, adding
COPD assets to our
portfolio



Corporate rebranding to
Sosei Heptares



1990

2004

2005

2015

2018

TODAY



Listed on Tokyo Stock
Exchange Mothers (TSE:4565)



Acquired Heptares
Therapeutics, a UK
biotech focused
on GPCR drug
discovery



Leading drug discovery & early development targeting GPCRs

SCIENCE & TECHNOLOGY – LED

RECOGNIZED
GLOBALLY FOR
**WORLD-CLASS,
PIONEERING
SCIENCE**

Solved
260+
Molecular structures

From
25+
Different GPCRs

Solved
>30%
Structures of GPCR targets

**THE
NOBEL
PRIZE**

OUR CO-FOUNDER
RICHARD HENDERSON
WAS AWARDED THE
**2017 NOBEL PRIZE
IN CHEMISTRY**

PARTNERSHIP FOCUSED

OUR TECHNOLOGY HAS ATTRACTED
**WORLD LEADING PHARMA AND
BIOTECHS AS KEY PARTNERS**



COLLABORATIONS WITH LEADING
ACADEMIC GROUPS KEEP US AT THE
CUTTING EDGE OF SCIENTIFIC RESEARCH



BURGEONING PIPELINE

4

PRODUCTS
**ON MARKET
GLOBALLY**

29

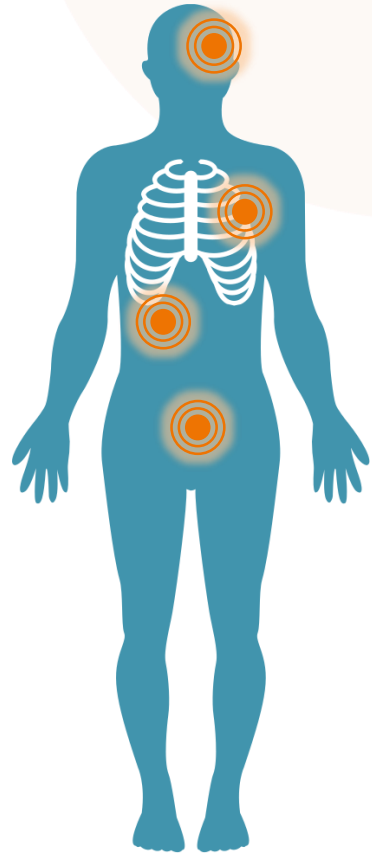
R&D PROGRAMS
DISCLOSED WITH
**BROAD AND DEEP
PIPELINE BEHIND**

FORMED 2 SPIN-OUT COMPANIES



Why GPCRs?

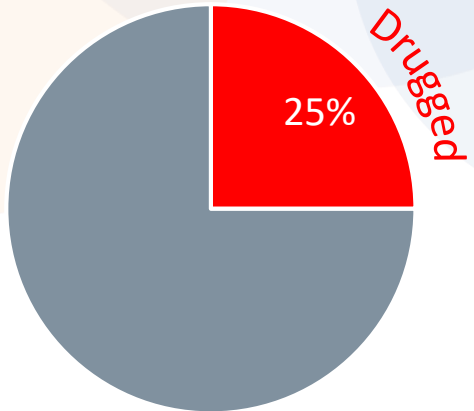
Well known targets; significant untapped opportunity; “high hanging fruit”



~400
GPCR
PROTEINS

- NEUROLOGICAL
- GASTROINTESTINAL
- IMMUNO-ONCOLOGY
- RARE / SPECIALTY

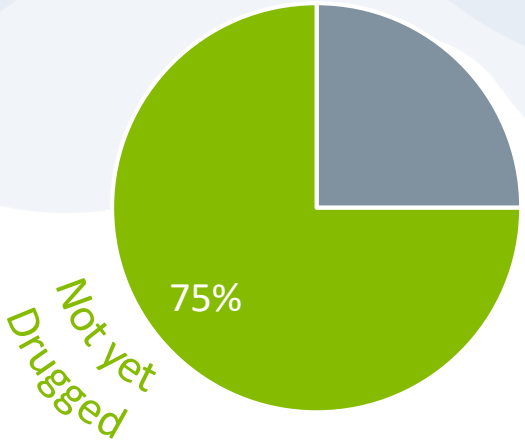
LAST 50 YEARS



Blockbuster drugs targeting GPCRs



NEXT 50 YEARS?



Blockbuster first-in-class drugs



Forward focus on first-in-class novel medicines for patients

Sources: “Unexplored opportunities in the druggable human genome”, Nature Reviews, 2016 ; “Trends in GPCR in Drug Discovery – new agents, targets and indications”, Nature Reviews, 2017; Management analyses

Strategy leverages proprietary technology and core competencies



Extend technology/platform **leadership**



Generate **high quality novel candidates**

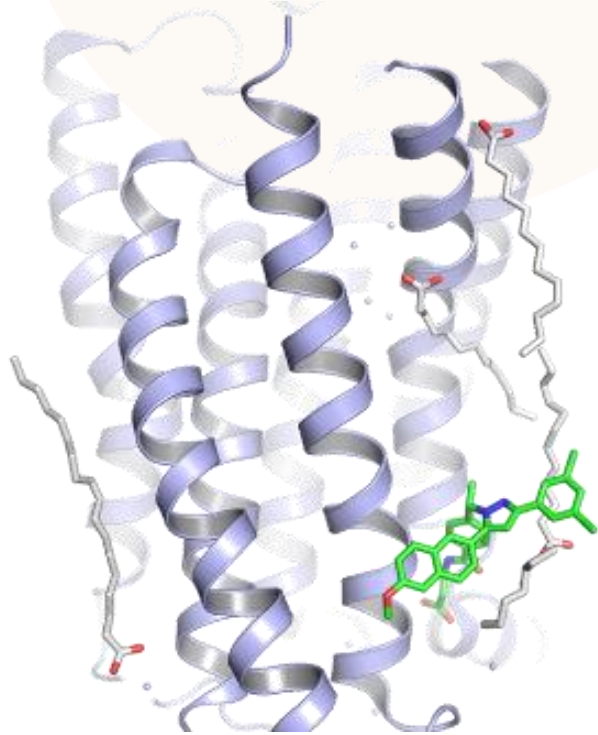


Enhance focus on **high value programs or LT ventures**

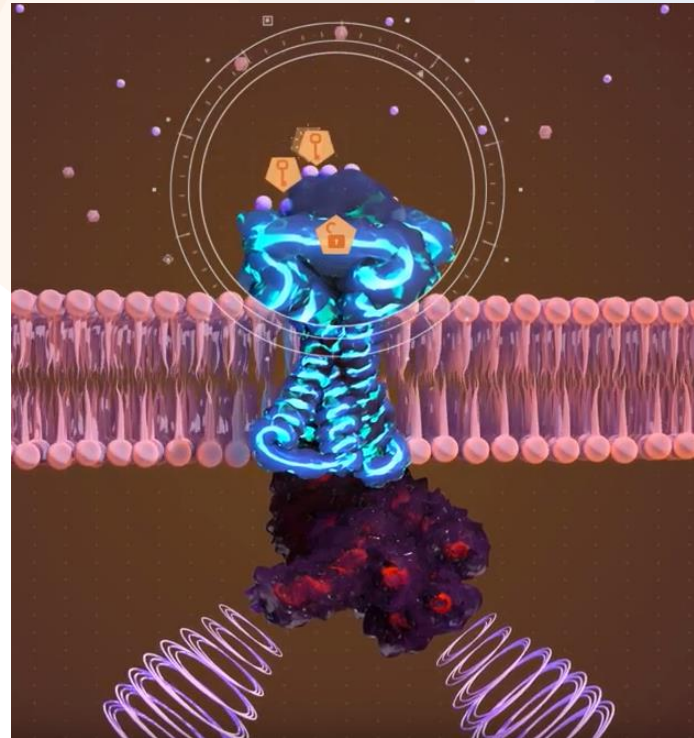
Executing new partnered projects and progressing existing projects is at the heart of what we do

Our StaR[®] technology enables smarter GPCR drug development

Unique structural insights into GPCRs enable better and smarter drug design



GPCRs are active in multiple disease areas, and offer broad therapeutic potential



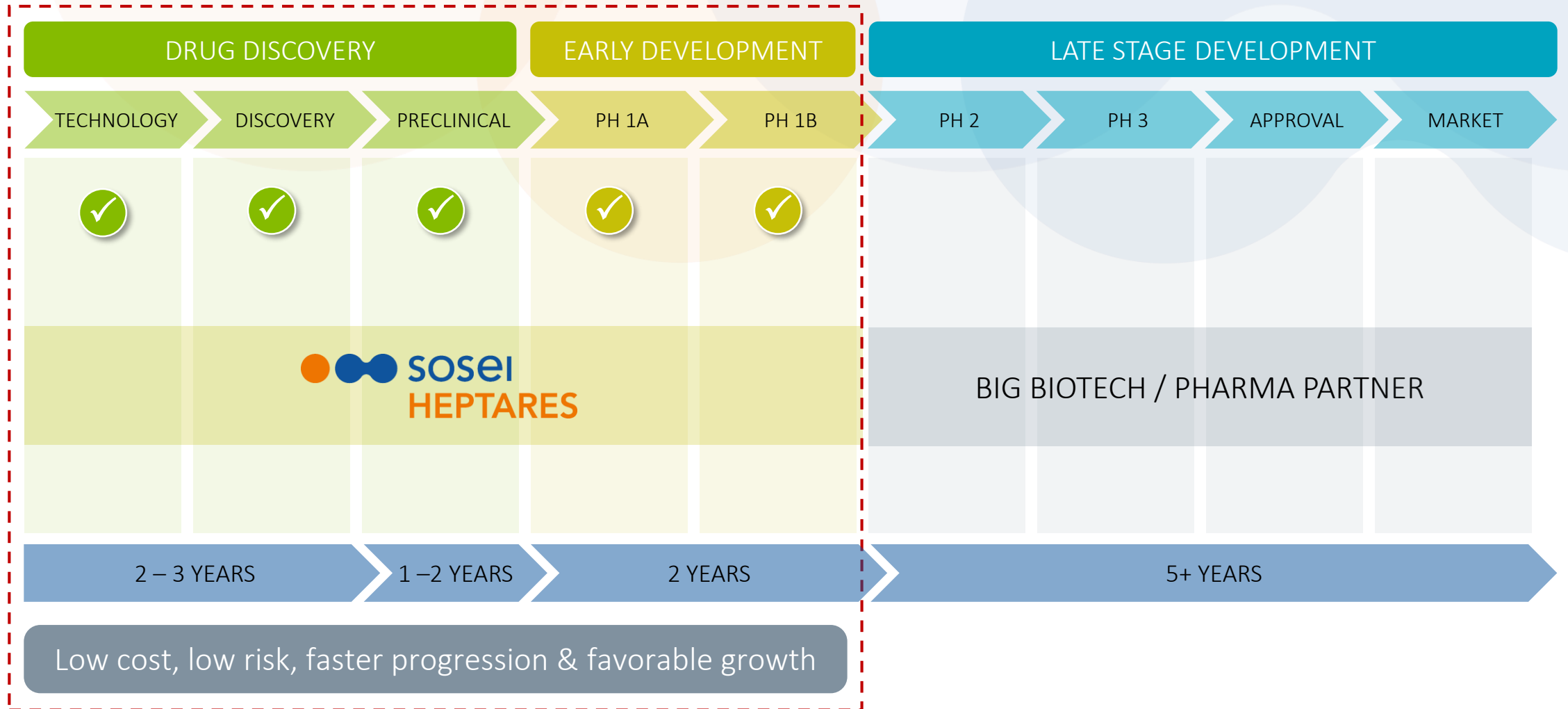
However, GPCRs are challenging to drug optimally due to their natural unstable state



Stabilizing GPCR proteins on an industrial scale for Discovery and Early Development

Core competencies are drug discovery & early development

Drug discovery and early development are exposed to favorable industry trends



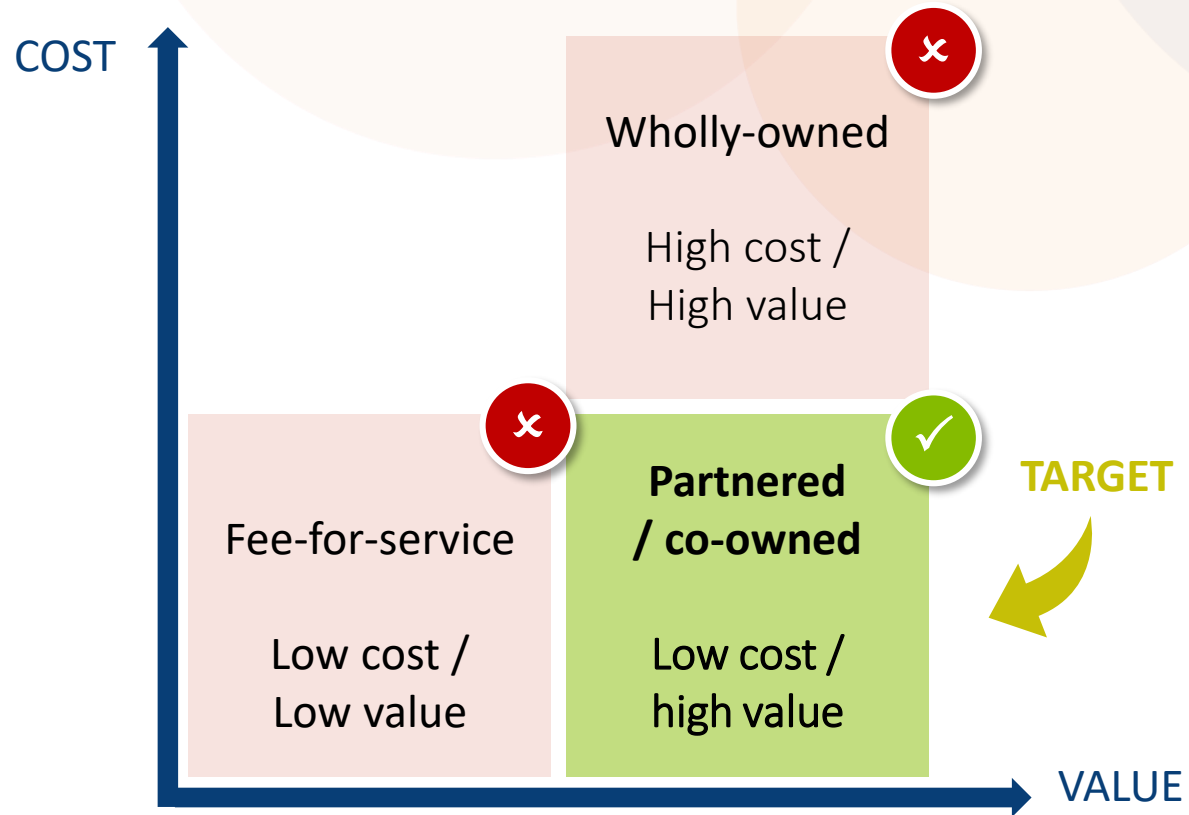
Building a pipeline of high value partnered projects/LT ventures

Unique focus on lower cost, high value add projects



Approaches to drug discovery and development

New partnerships completed in 2019



Potential deal value

JVs to be sold or IPO'd

>\$1.0bn

>\$1.2bn

Exclusively focused on high value partnerships >\$500m; or LT ventures with upside

Uniquely positioned to drive global biotech innovation in our field

R&D CENTRE OF EXCELLENCE
CAMBRIDGE, UK

~150 EMPLOYEES



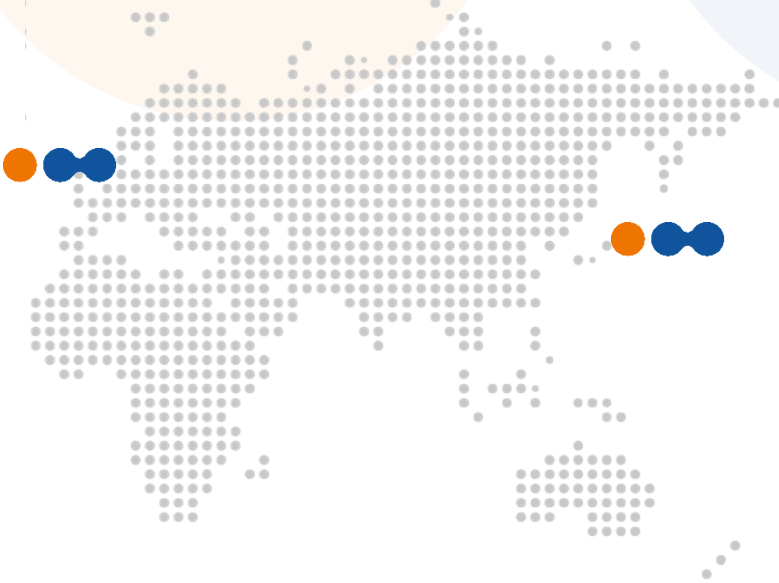
Proprietary StaR^{®1} protein
GPCR technology



Drug Discovery (SBDD²)
Platform



Preclinical/Translational and
Phase I Expertise



HEADQUARTERS
TOKYO, JAPAN

~30 EMPLOYEES



Japanese Development/
PMDA Expertise



Access to Capital



Long-term Investments /
Corporate Venture Capital

R&D centre of excellence in Cambridge, UK, driving enhanced science, productivity, and new collaboration and partnership opportunities

¹ Stabilized receptor technology
² Structure-based drug design



2

GPCR Drug Discovery and Early Development

Track record of attracting world-leading partners



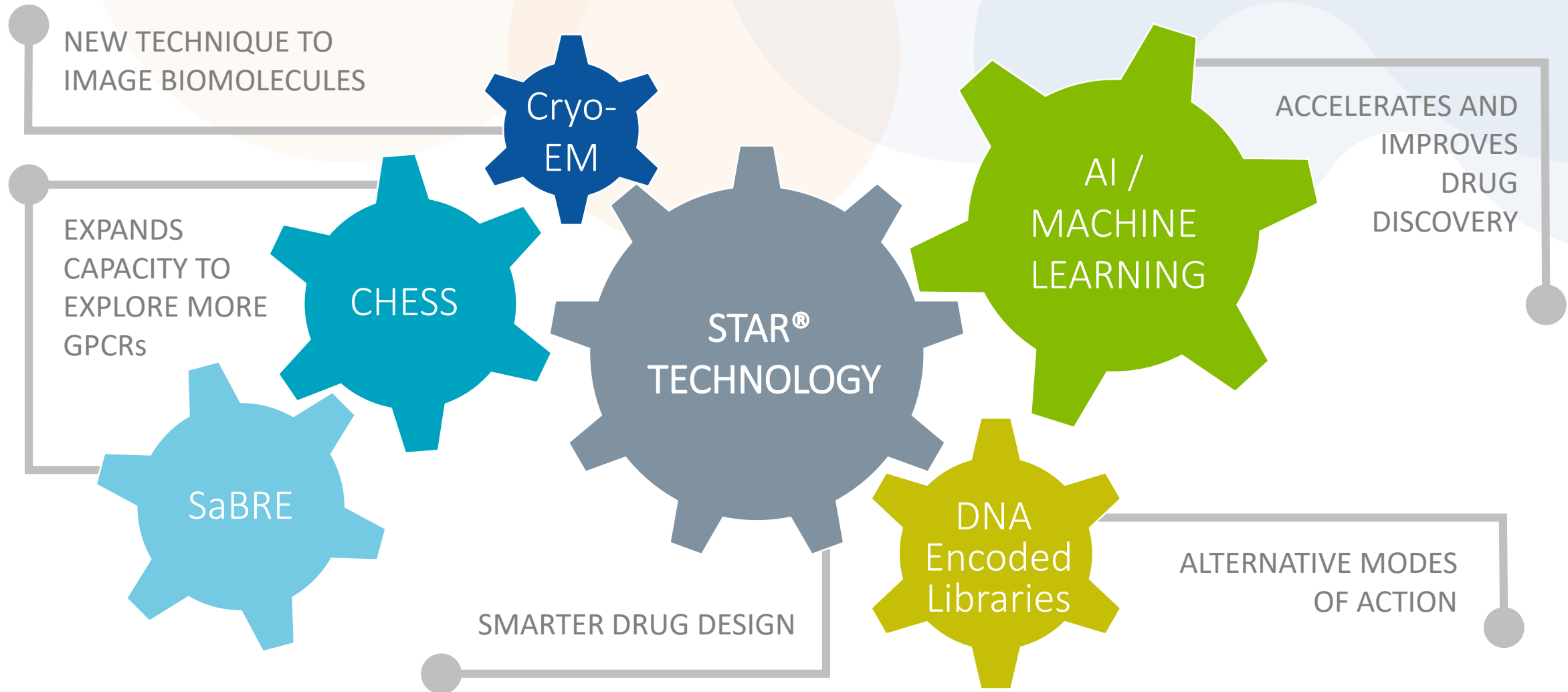
<p>NOVARTIS \$375m Inhalation pharma products dev out-licensing (April 2005)</p>	<p>NF \$200m Single target option agreement (Oct 2009)</p>	<p>Takeda Single target discovery collab focused on CNS disorders (April 2011)</p>	<p>Shire Exclusive option agreement for A2a ant. in CNS disorders (May 2011)</p>	<p>MedImmune AstraZeneca 4yr multi-target research and discovery collab (May 2011)</p>
<p>CUBIST Two targets research and dev collaboration (Jan 2013)</p>	<p>morphosys Multi-target alliance to develop mAbs (Feb 2013)</p>	<p>ASKA Pharmaceutical Marketing authorization (JP) transfer for NorLevo® (Jan 2014)</p>	<p>FUJIFILM Distribution agreement for SO-1105 (antifungal agent) (Feb 2014)</p>	<p>REGENERON Multi-target antibody discovery alliance (July 2015)</p>
<p>AstraZeneca \$510m Development out-licensing for A2a ant. in I/O (Aug 2015)</p>	<p>teva \$410m CGRP development out-licensing for migraine (Nov 2015)</p>	<p>Pfizer \$2.0bn Multi-target discovery alliance (Nov 2015)</p>	<p>Allergan \$3.2bn+ Muscarinic R&D partnership for CNS disorders (April 2016)</p>	<p>kymab Multi-target co-dev collab. focused on mAbs for I/O (April 2016)</p>
<p>Daiichi-Sankyo Single target discovery collab for pain treatment (Mar 2017)</p>	<p>PeptiDream Single target co-dev collab. in inflammatory disease (June 2017)</p>	<p>medicxi €40m collab. to create companies Orexia / Inexia (Feb 2019)</p>	<p>Genentech A Member of the Roche Group \$1.0bn+ Multi-target R&D alliance (July 2019)</p>	<p>Takeda \$1.2bn+ Multi-target R&D alliance (August 2019)</p>

■ Active Partnerships
 ■ Completed / Inactive Partnerships



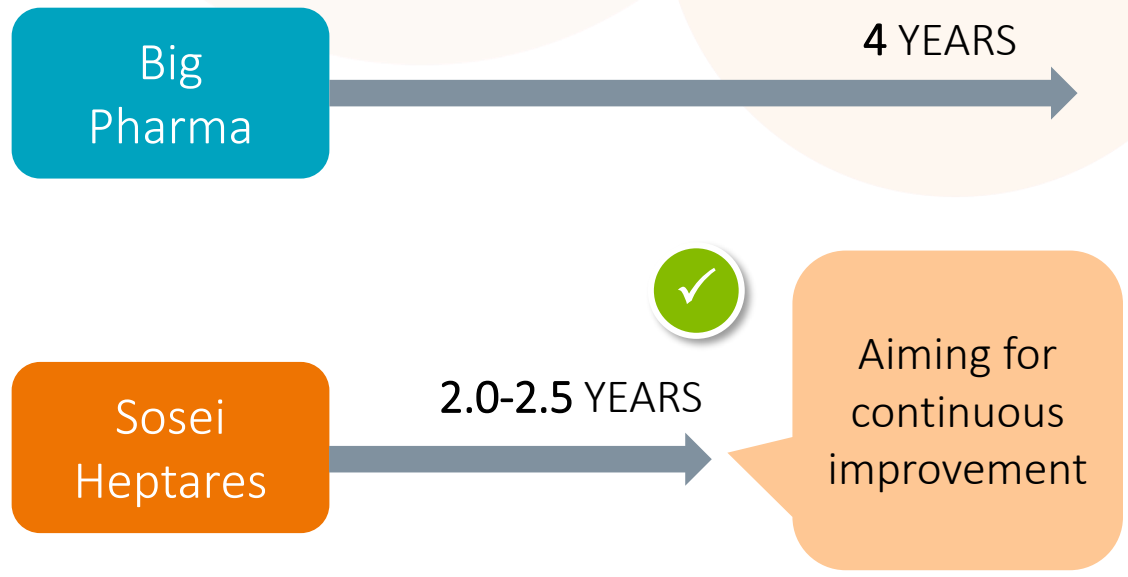
Partners are attracted to our technology-led discovery engine

Game-changing approach revolutionized GPCR-targeted discovery



Industry-leading rates of productivity

Time to identify Preclinical Candidate (from Discovery)



sosei HEPTARES

- 25+ CANDIDATES** GENERATED IN THE LAST **10** YEARS
- 7 COMPOUNDS** PROGRESSED INTO CLINICAL STUDIES IN **7** YEARS

We produce 2 to 3 Preclinical Candidates per year vs. industry standard of 1 for a company our size

Source: Management estimates

Our steady state model can create multiple value inflection points

Aiming to execute 2 to 3 new high-value partnerships and/or novel ventures in 2020



PCC = Preclinical Drug Candidate ready for testing per year

Today we have 15+ partnered projects...

Product/Program	Modality ¹	Indication	Partner	Discovery	Preclinical	Phase 1	Phase 2	Phase 3	Marketed
Marketed Products									
Seebri®/Ultibro®	SME	COPD	NOVARTIS	●	●	●	●	●	●
QVM149	SME	Asthma	NOVARTIS	●	●	●	●	●	◆
NorLevo®	SME	Emergency contraception	ASKA Pharmaceutical Co., Ltd.	●	●	●	●	●	●
ORAVI®	SME	Oropharyngeal candidiasis	FUJIFILM	●	●	●	●	●	●
Partnered Pipeline (Traditional out-licensing/collaboration projects)									
A2a antagonist	SME	Multiple solid tumors	AstraZeneca	●	●	●	●	●	●
A2a antagonist	SME	EGFRm NSCLC	AstraZeneca	●	●	●	●	●	●
M ₁ agonist	SME	Alzheimer's disease	Allergan	●	●	●	●	●	●
M ₄ agonist	SME	Alzheimer's disease	Allergan	●	●	●	●	●	◆
M ₁ /M ₄ dual agonist	SME	Alzheimer's disease	Allergan	●	●	●	●	●	●
Single target	SME	Pain	Daiichi-Sankyo	●	●	●	●	●	◆
Single target	SME	Undisclosed	Pfizer	●	●	●	●	●	●
Single target	SME	Undisclosed	Pfizer	●	●	●	●	●	●
Single target	SME	Metabolic and other	Pfizer	●	●	●	●	●	●
Multiple targets	mAb	Inflammation	morphosys	●	●	●	●	●	◆
Multiple targets	SME/LME	Multiple indications	Genentech <small>A Member of the Roche Group</small>	●	●	●	●	●	●
Multiple targets	SME/LME	Multiple indications	Takeda	●	●	●	●	●	●
Partnered Pipeline (Co-development/profit share)									
CXCR4 mAb	mAb	Immuno-oncology	kymab	●	●	●	●	●	◆
Single target	mAb	Immuno-oncology	kymab	●	●	●	●	●	●
Single target	Peptide	Inflammation	PeptiCircum	●	●	●	●	●	●
Asset-centric Companies									
Orexin agonists	SME	Narcolepsy	Orexia	●	●	●	●	●	●
Orexin agonists	SME	Narcolepsy	INEXIA	●	●	●	●	●	●

¹ Note: SME = small molecule; LME = large molecule; mAb = monoclonal antibody

● : Current stage
 - - ◆ : Next 12-18 months progress

...and are advancing the next wave of 15+ projects to be partnered

Product/Program	Modality ¹	Indication	Originator	Discovery	Preclinical	Phase 1	Phase 2	Phase 3	Marketed
In-house GPCR projects (pre-partnering)									
mGlu ₅ NAM	SME	Neurology	SOSEI HEPTARES						
SSTR agonist	Peptide	Endocrine disorders	SOSEI HEPTARES						
CGRP antagonist	SME	Migraine	SOSEI HEPTARES						
GLP-1 antagonist	Peptide	Metabolic diseases	SOSEI HEPTARES						
GLP-2 agonist	Peptide	Intestinal failure	SOSEI HEPTARES						
Orexin-1 antagonist	SME	Cocaine-use disorders	SOSEI HEPTARES						
Apelin agonist	Peptide	PAH	SOSEI HEPTARES						
GPR35 agonist	SME	Inflammatory bowel disorders	SOSEI HEPTARES						
H4 antagonist	SME	Atopic dermatitis	SOSEI HEPTARES						
PAR2 mAb	mAb	Atopic dermatitis	SOSEI HEPTARES						
<i>Multiple programs targeting a broad range of GPCRs</i>	SME/ LME/ mAb/ Peptide	Multiple indications across Neurology, GI / Inflammation, Immuno-oncology and rare / specialty diseases	SOSEI HEPTARES						
M ₁ agonist ²	SME	DLB (Japan)	SOSEI HEPTARES						

Multiple candidates are the focus of new partnership discussions

: Current stage
 : Next 12–18 months progress

¹ Note: SME = small molecule; LME = large molecule; mAb = monoclonal antibody

² Phase 2 trial of HTL0018318 for DLB in Japan has been withdrawn. The Group plans to resubmit a new clinical trial notification for HTL0018318 (or another novel M1 agonist) to the Japanese Pharmaceuticals and Medical Devices Agency (PMDA) in the future



3

2019 Achievements, Financials, and 2020 Outlook

What we achieved in 2019



\$15m milestone

Initiation of Phase 2 trials of I/O program in solid tumors

January 2019



€40m collaboration

Creation of two asset-centric companies with Medicxi

February 2019



SSTR5 agonist

First subject dosed in Phase 1 study of HTL0030310

February 2019



\$2.5m milestone

Submission of QVM149 MAA to the European Medicines Agency

May 2019



\$6m milestones (total)

Nomination of first two candidates for clinical advancement

May / June 2019



\$26m UF/Near term

Multi-target research and license agreement, worth potential \$1bn+

July 2019



\$26m UF/Near term

Multi-target research and dev. partnership, worth potential \$1.2bn+

August 2019



\$3m milestone

Nomination of new GPCR disease target

October 2019



\$5m milestone

Initiation of Phase 1 trials for first nominated candidate

December 2019



\$3m milestone

Nomination of third candidate for clinical advancement

December 2019



New Partnership



Existing Partnership

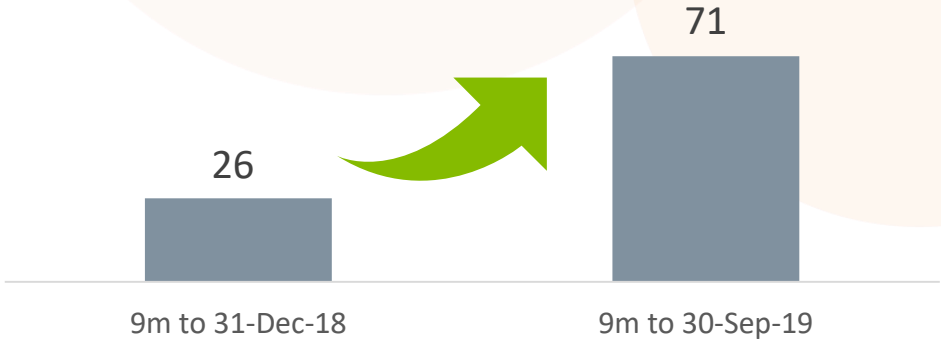


In-house Program (to be partnered)

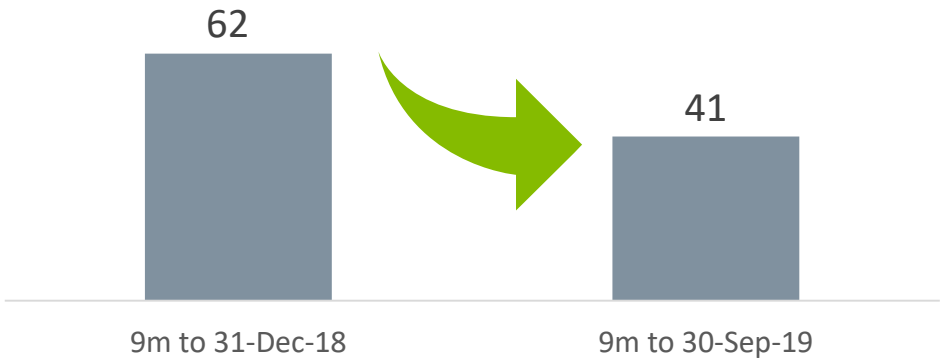


Our strategy is driving more sustainable financial metrics

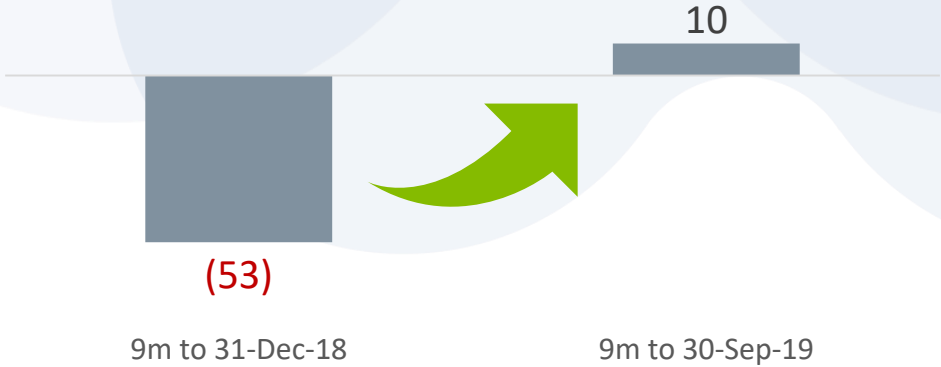
Revenue (USDm)



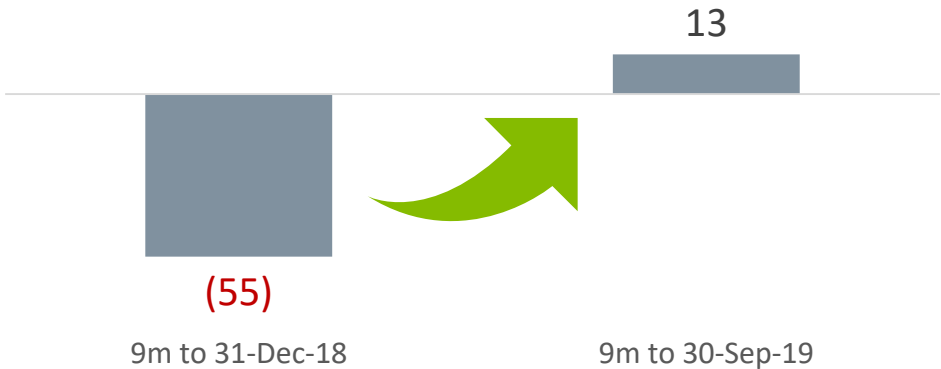
Cash Operating Expenses¹ (USDm)



Operating Profit (USDm)



Net Profit (USDm)



Note: Converted into USD at FX rate USD:JPY of 109.
¹ Non-IFRS measure

Strong executive team, advisory board and supportive key shareholders

Executive Management



Mr. Shinichi Tamura
Chairman, President, CEO

Genentech sosei



Mr. Chris Cargill
EVP, Chief Financial Officer

J.P.Morgan



Dr. Malcolm Weir
EVP, Research & Early Development

HEPTARES
therapeutics



Dr. Tim Tasker
EVP, Chief Medical Officer

evotec



Mr. Kazuhiko Yoshizumi
EVP, Chief Compliance Officer

NEC



Mr. Tadoyashi Yasui
EVP, President of Sosei Co.

NOVARTIS

Scientific Advisory Board

Dr. David Roblin *Chair of Scientific Advisory Board*



Dr. Peter Bernstein



Dr. Caetano Reis e Sousa



Prof. Ed Bullmore



Dr. Darryle Schoepp



Prof. Richard Henderson



Dr. Roberto Solari



Dr. Paul Leeson



Dr. Chris Tate



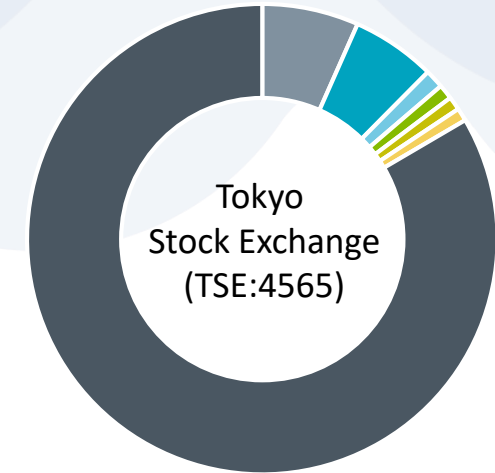
Prof. Sir Keith Peters



Mr. Anders Tullgren



Shareholder Structure

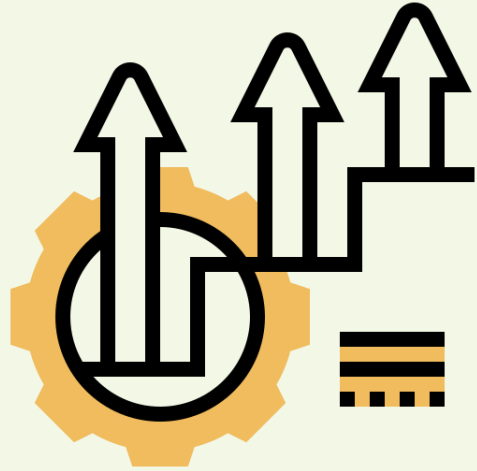


- Taiyo Pacific Partners 6.7%
- Capital International 5.8%
- Norges Bank Investment Management 1.3%
- Capital Research & Management 1.0%
- BlackRock Fund Advisors 0.9%
- Matthews International Capital Management 0.9%
- Other 83.4%

Source: FactSet as of 8 January 2020

Robust FY2020 outlook

Expected events in 2020



1

Seed next wave of pre-discovery projects

2

Continued delivery of candidates in-house and for partners

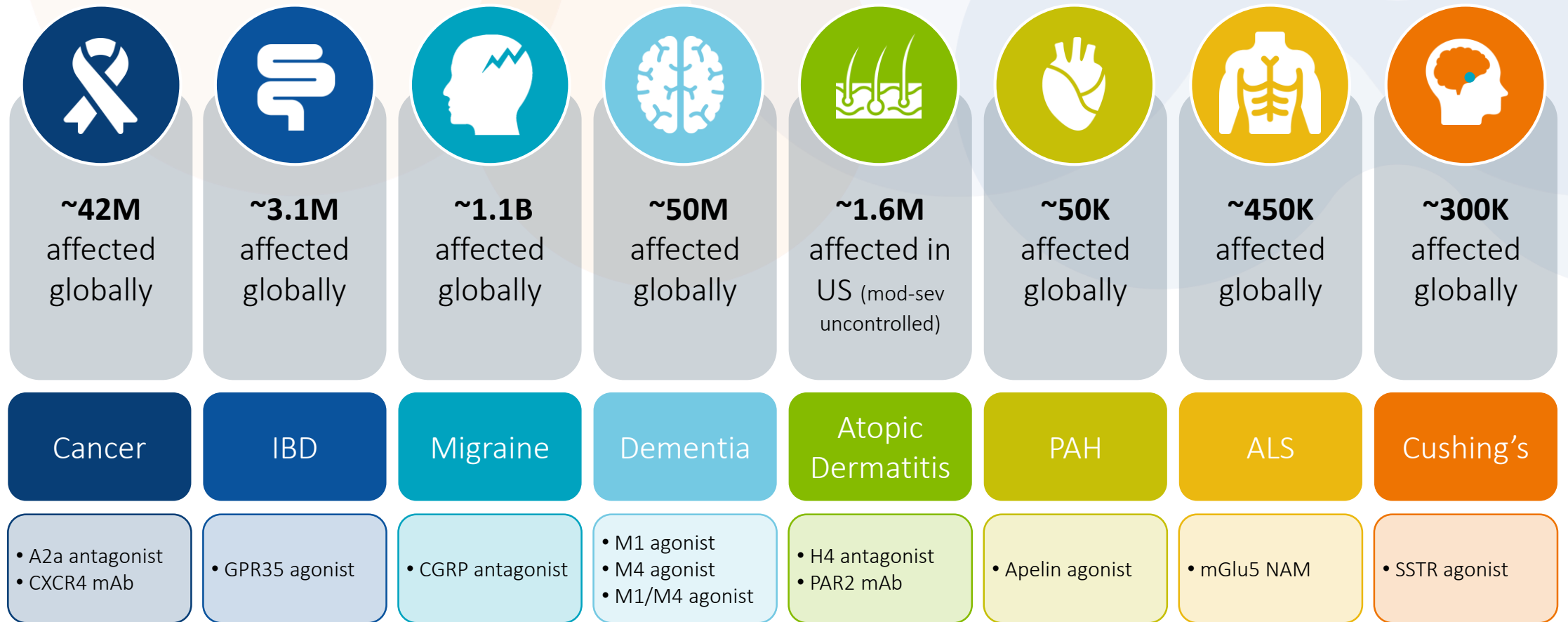
3

Progress existing partnered programs

4

New collaborations and partnerships with world leaders

Thank you!



Our mission is to make a significant contribution to improving the quality of life and health of people around the world

Sources: World Health Organization, EvaluatePharma, Management Estimates. Notes: Sosei Heptares may choose to only target a segment of the specific market.

Your contact:

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