FY2016 Full Year Results, Ending March 31, 2017

Conference Call for investors and analysts

May 12, 2017

www.sosei.com

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Presenters

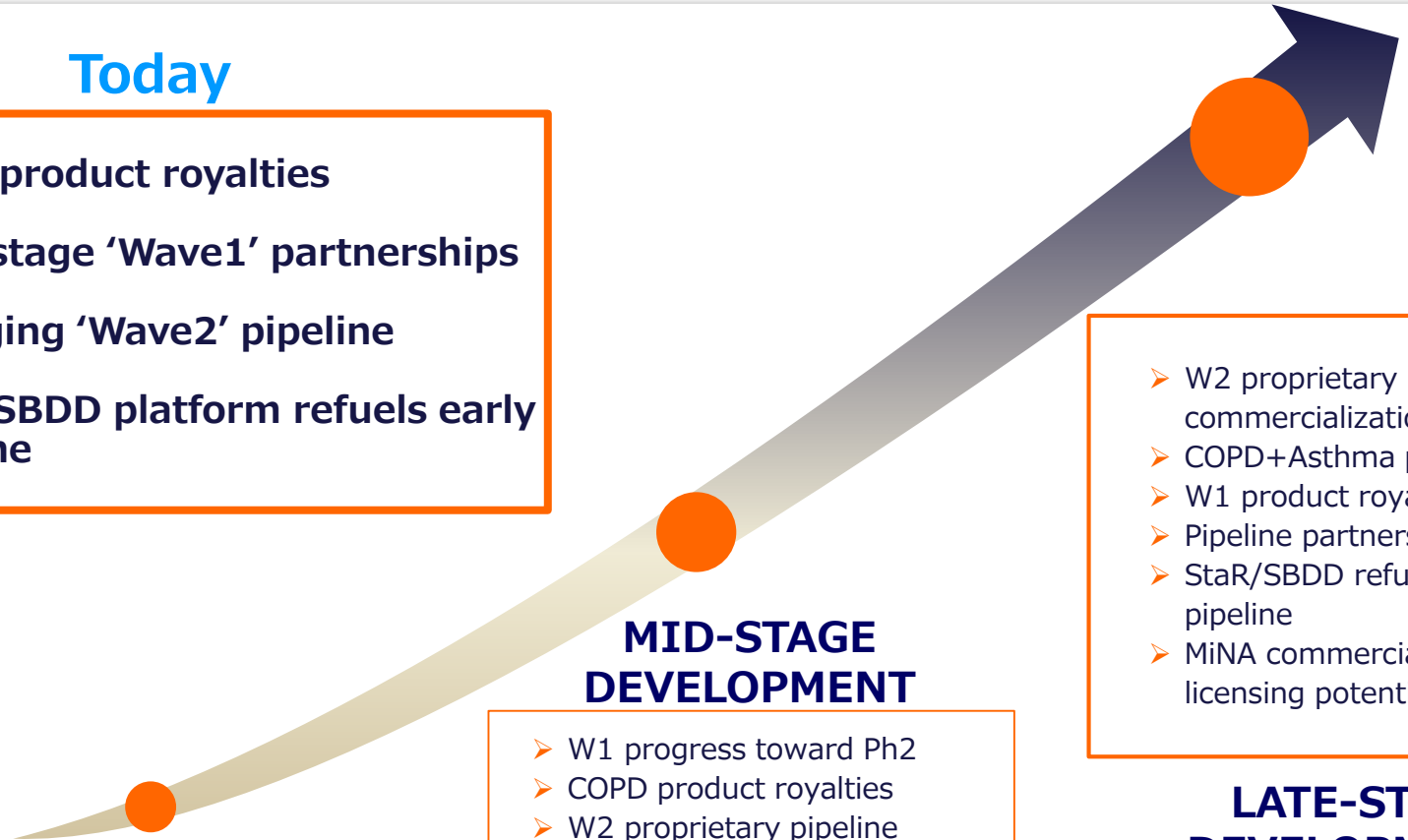
Peter Bains
Chief Executive Officer

Andrew J. Oakley
Chief Financial Officer

Sosei – Building a global biopharmaceutical company

Today

- COPD product royalties
- Early stage 'Wave1' partnerships
- Emerging 'Wave2' pipeline
- StaR/SBDD platform refuels early pipeline



EARLY STAGE DEVELOPMENT

MID-STAGE DEVELOPMENT

- W1 progress toward Ph2
- COPD product royalties
- W2 proprietary pipeline advances to Ph1
- StaR/SBDD platform refuels early pipeline
- MiNA Ph1/2a readout

LATE-STAGE DEVELOPMENT/ COMMERCIALIZATION

- W2 proprietary product commercialization
- COPD+Asthma product royalties
- W1 product royalties
- Pipeline partnerships
- StaR/SBDD refuels early pipeline
- MiNA commercialization & licensing potential

Expanding and advancing a broad pipeline

	Product/Programme	Indication	Partner	Discov.	Preclin.	Phase 1	Phase 2	Phase 3	Market
Sosei	**Products /Development Pipeline (Sosei)**								
	Seebri®/Ultibro®	COPD	NOVARTIS						
	QVM 149	Asthma	NOVARTIS						
WAVE 1	**Wave 1: Partnered Pipeline**								
	M_1 agonist	AD/Sz Cognition	Allergan						
	M_4 agonist	AD/Sz Psychosis	Allergan						
	M_1M_4 dual agonist	Sz/AD Psych / Cog	Allergan						
	A_{2A} antagonist	Cancer I/O	AstraZeneca						
	CGRP antagonist	Migraine	TEVA						
	Not disclose	Pain	Daiichi-Sankyo						
WAVE 2	**Wave 2: Proprietary Pipeline**								
	$mGlu_5$ NAM	Neurology							
	Orexin OX_1 antagonist	Addiction							
	Orexin OX_2 agonists	Narcolepsy							
	Anti-PAR2 mAb	Atopic Dermatitis							
	GLP-1 antagonist	Hyperinsulinism							
	Not-disclosed	gastro-intestinal disorders	Titan Bio						
	Multiple targets (mAbs)	Immuno-oncology	kymab						
	Multiple targets (SMEs)	Multiple indications							

FY 2016 Operational and Financial Highlights

Strong revenue growth from multiple sources

- $125m upfront from Allergan – key driver of headline performance
- $10m from AZ for Ph1 initiation of immuno-oncology candidate
- $4m – Collaboration with Daiichi Sankyo
- Solid growth in royalties from COPD products licensed to Novartis
- Sales milestone of $5m from Novartis – COPD products

Robust pipeline progression

- Partnered pipeline (Wave 1) progressing as anticipated
  - 2 Collaborations in Phase 1
- Expanded proprietary pipeline (Wave 2) from Heptares platform progressing towards pre-clinical entry
- Strengthened our science and technology leadership (leadXpro, G7, ORBIT)
- Heptares Zurich (formerly G7 Therapeutics) acquisition to complement existing StaR technologies
- SO-1105 submission for oropharyngeal candidiasis in Japan

CONSOLIDATED EARLY STAGE BIOTECH PROFILE

Equity Stake and Acquisition Option Agreement with MiNA Therapeutics

*Significant subsequent event

- Strategic investment of GBP 35 million – 25.6% equity share
- Exclusive option to acquire the company
- Phased options will be based on clinical milestones of MiNA's Phase 1/2a OUTREACH study with MTL-CEBPA in advanced liver cancer
- MiNA will continue to develop and enhance its RNA activation platform

POTENTIAL TO ACCELERATE AND EXPAND SOSEI PIPELINE AND CREATE NEW COMPLEMENTARY PLATFORM

Financial Highlights for FY2016

Strong year – dominated by Allergan upfront milestone

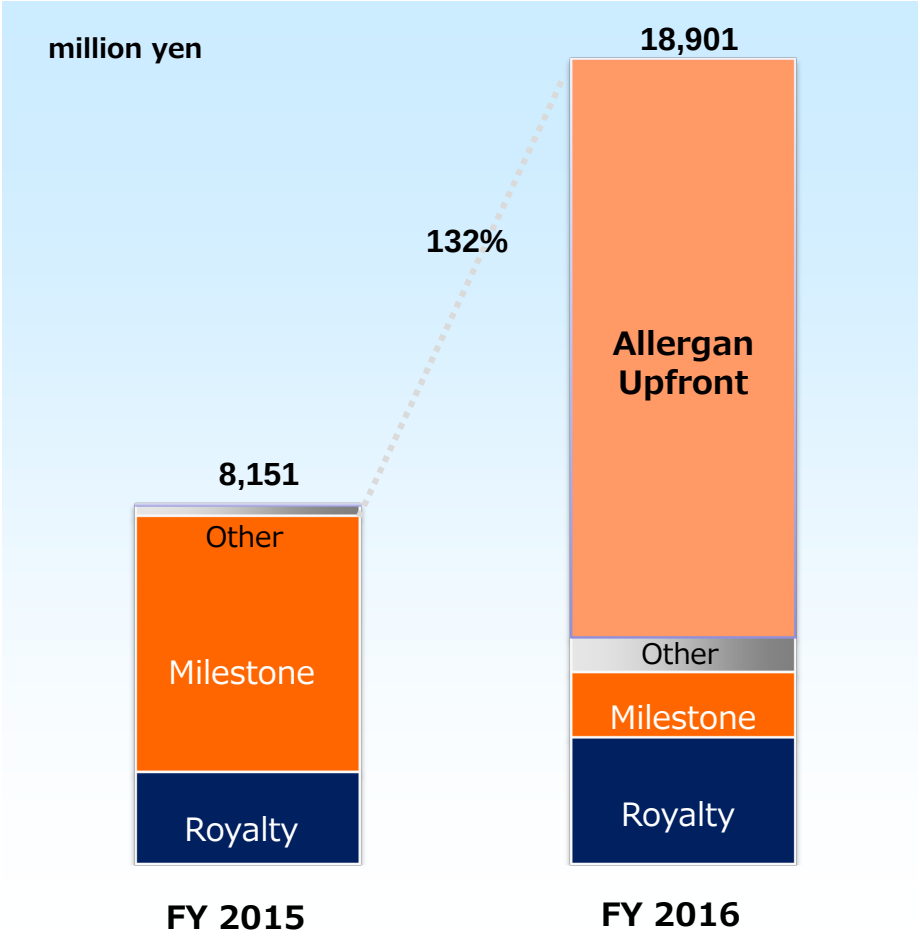
(million yen)	FY2015	FY2016	% change	% cc* change
Revenue	8,151	18,901	132%	143%
Operating income	1,075	12,389	1,052%	986%
Net Income	(1,547)	9,638	nm	nm
Earnings Per Share (EPS)	(93.60)	579.97	nm	nm
Cash & cash equivalents	10,068	13,899	na	na

(million USD)	FY2015	FY2016	% change	% cc* change
Revenue	67.8	174.4	157%	143%
Operating income	8.9	114.3	1,184%	986%
Net Income	(12.9)	88.9	nm	nm
Earnings Per Share (EPS)	(0.78)	5.35	nm	nm
Cash & cash equivalents	83.8	128.2	na	na

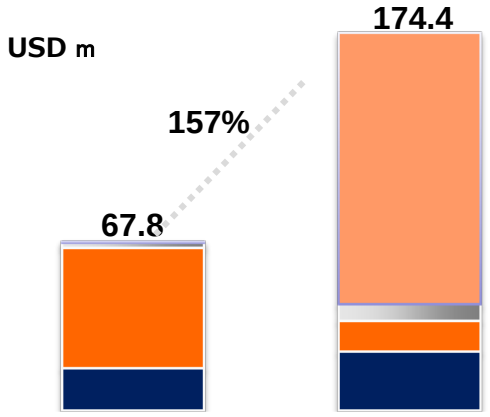
**cc (constant currency)*

yen/USD FY2106 108.38 (FY2015 120.15)

Significant progress across partnered programs



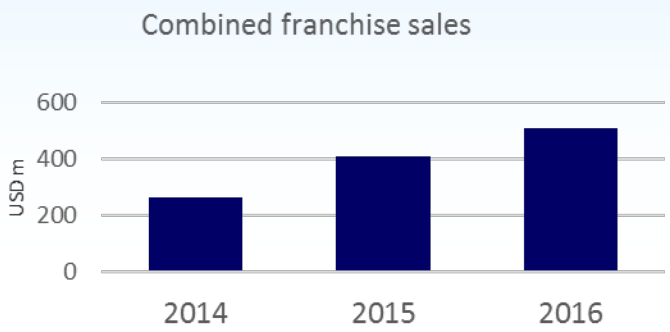
- Allergan upfront $125m
- $10m from AZ for PhI initiation-A_{2A}
- $4m Upfront - Daiichi Sankyo
- Growth in COPD royalties
- $5m COPD sales milestone
- Constant currency growth 143%



COPD franchise momentum continues

	FY 2016 USD m	FY 2015 USD m	% change USD	% change cc
Ultibro Breezhaler	363	260	40	38
Seebri Breezhaler	149	150	-1	2

*Based on Novartis Annual Report 2016
*cc (constant currency)



Seebri® Breezhaler®

- Licensed to Novartis in 2005
- Seebri™ Neohaler® was approved in the US October 2015
- Sunovion – US commercialization rights of Seebri™ Neohaler®

Ultibro® Breezhaler®

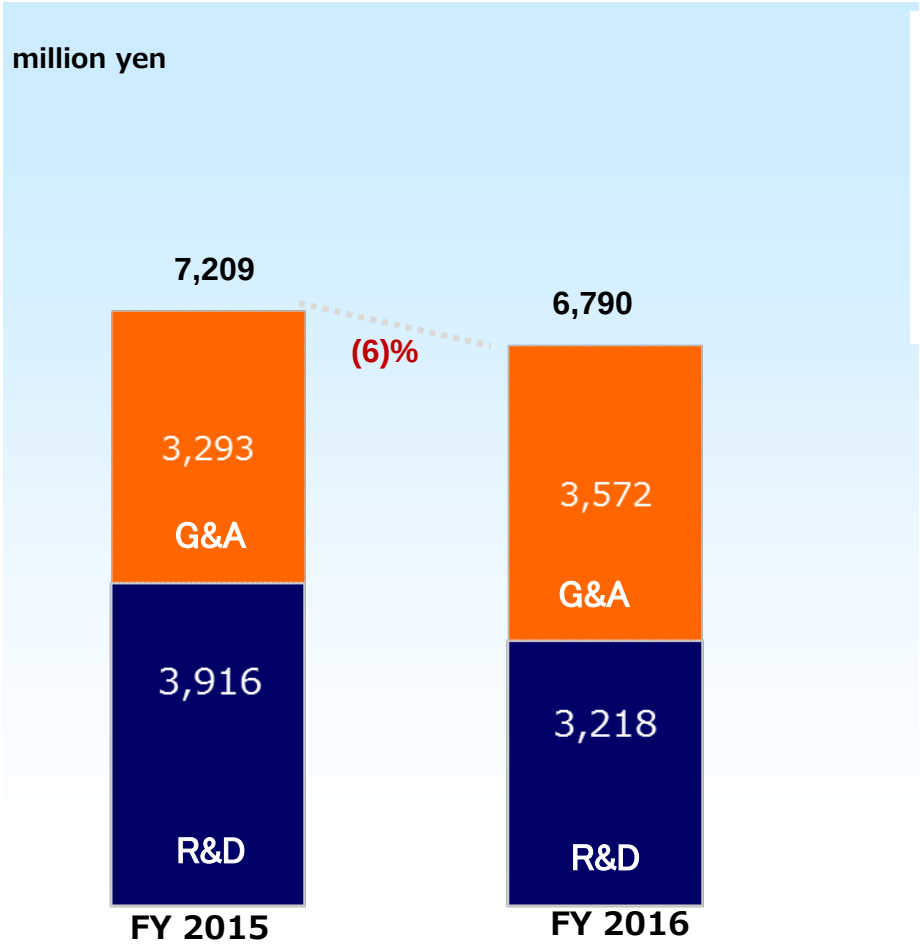
- Approved in over 90 countries
- Approved in the US October 2015 – b.i.d
- FLAME data + GOLD guideline changes
- Utibron™ Neohaler® was launched in US by Sunovion in April 2017
- Filed for approval in China

Royalties and Milestone

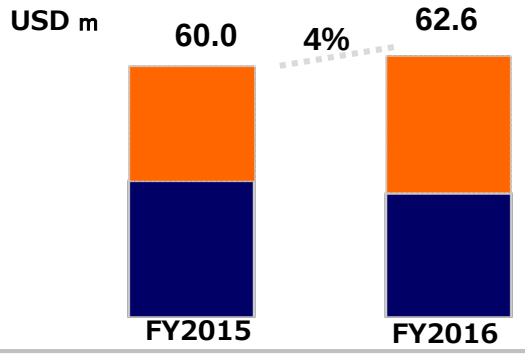
- USD 5m Sales Milestone – Sales >USD 500m

[1] Seebri®, Ultibro®, Breezhaler® and Neohaler® and Utibron™ are registered trademarks of Novartis AG. Seebri™,and Ultibro™ are trademarks of Novartis AG.
[2] Utibron™ Breezhaler®

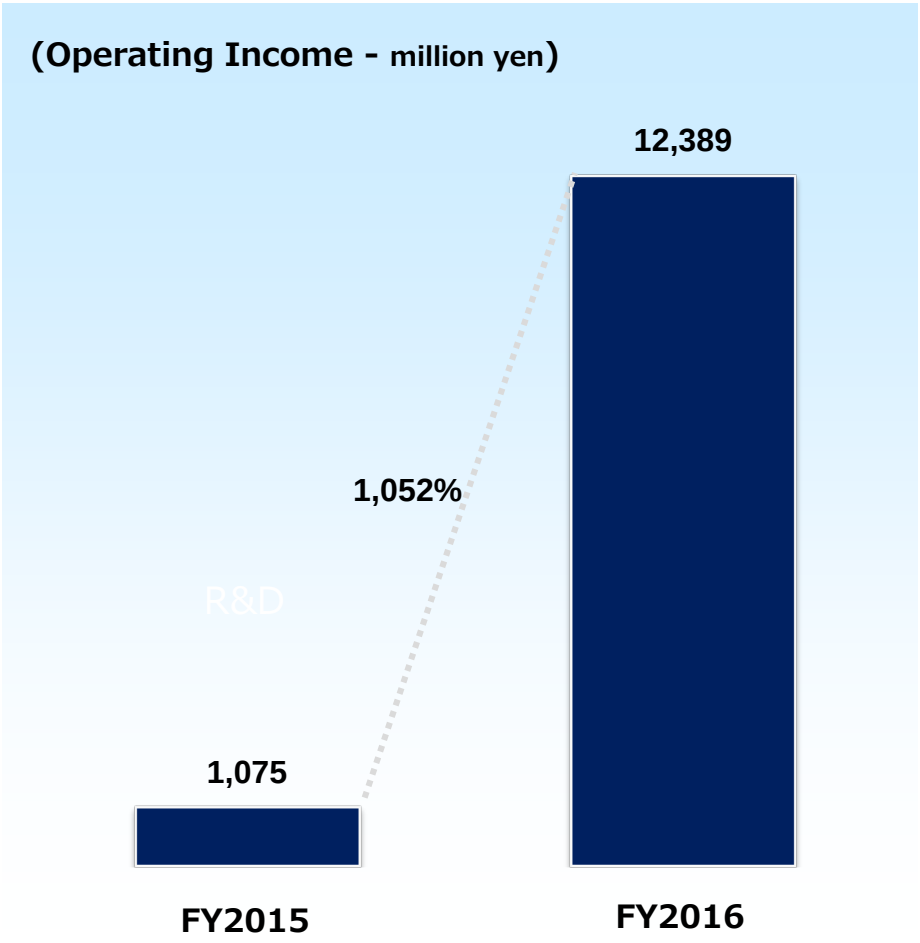
Currency masks underlying increase in operating expenses



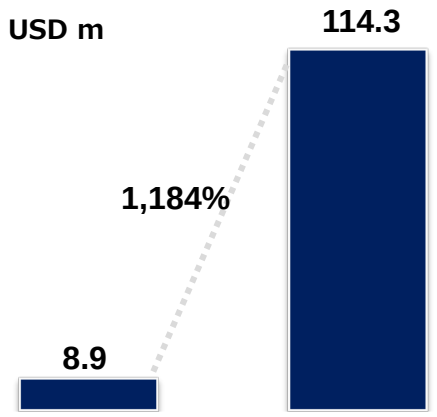
- Constant currency basis, + 12%
- 67% of current cost base in the UK
- Significant spend on muscarinics in PY
- Heptares Zurich costs for 3 months
- Scale up of StaR technology platform
- Investment to progress Wave 2



Impact from Allergan upfront and currency benefit



- Constant currency: +907%
- Allergan upfront
- Currency benefit on operating expenses



Considerable variation below the operating line

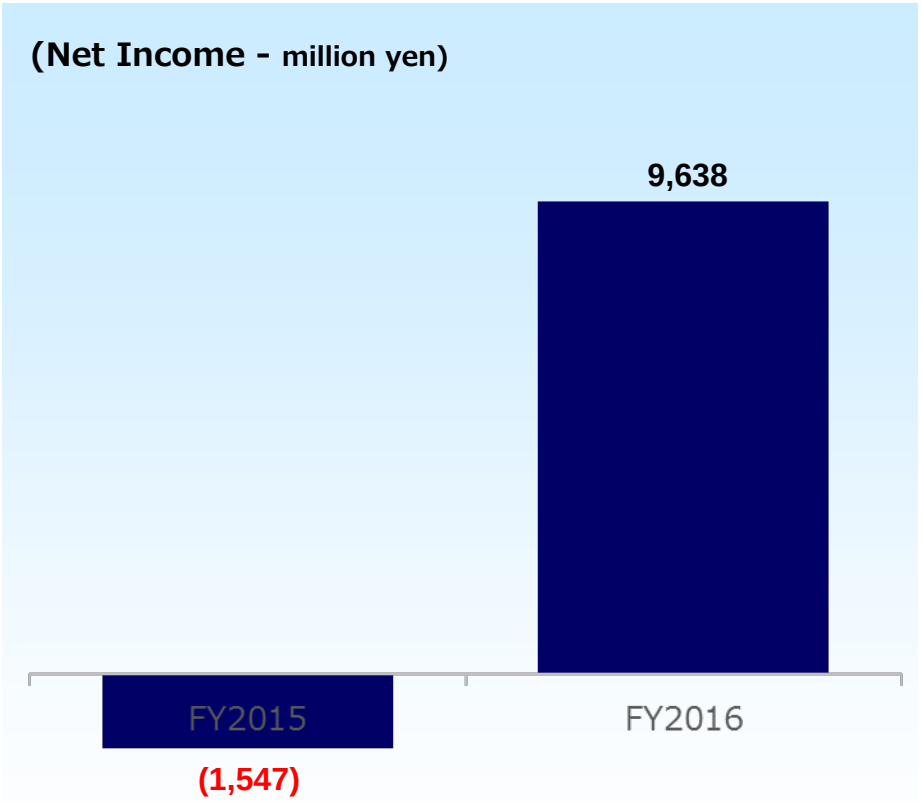
(million yen)	FY2015	FY2016	% change
Net Interest Cost	438	193	(56)%
Foreign Exchange Loss (Gain)	123	(1,512)	nm
Contingent Consideration	3,816	277	(93)%
Income Tax (Benefit) Expense	(1,750)	2,844	nm

(million USD)	FY2015	FY2016	% change
Net Interest Cost	3.6	1.8	(50)%
Foreign Exchange Loss (Gain)	1.0	(14.0)	nm
Contingent Consideration	31.8	2.6	(92)%
Income Tax (Benefit) Expense	(14.6)	26.2	nm

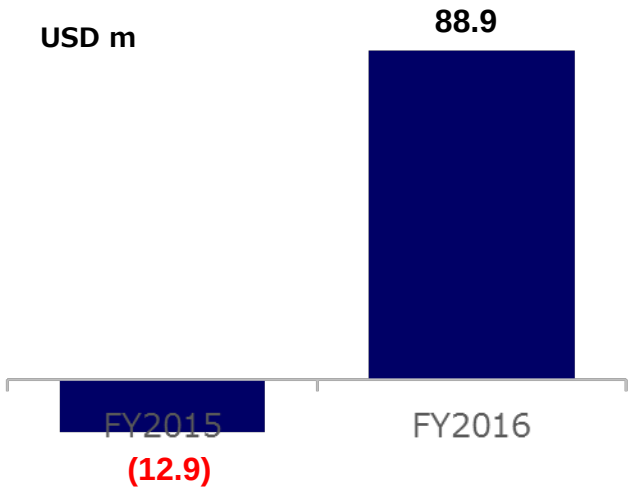
**cc (constant currency)*

yen/USD FY2106 108.33 (FY2015 120.15)

Strongly profitable – but one-off effects dominate



- Allergan upfront drives top line
- Brexit FX benefit above and below Op Inc.
- Contingent Consideration for Allergan in FY15
- EPS 579.97 compared to (93.60)



FY March 2018 – profitable – but dependent on milestones

Revenues

- Several milestones expected from existing Wave 1 projects
- Materially lower due to effect of Allegan upfront in FY 16
- Royalty income boost from US launch of COPD portfolio

Operating Expenses

- Investment to progress Wave 2 portfolio
- Further scaling of discovery platform
- Stock compensation from new employee incentive plan

Profitability

- Materially lower and dependent on milestone delivery
- No repeat expected of currency benefit in 2016 year
- Contingent consideration in line with milestone receipt

Strategy Update and Outlook

Sosei Vision & Mission

Vision

- To become a leading global biopharmaceutical company, originating in Japan

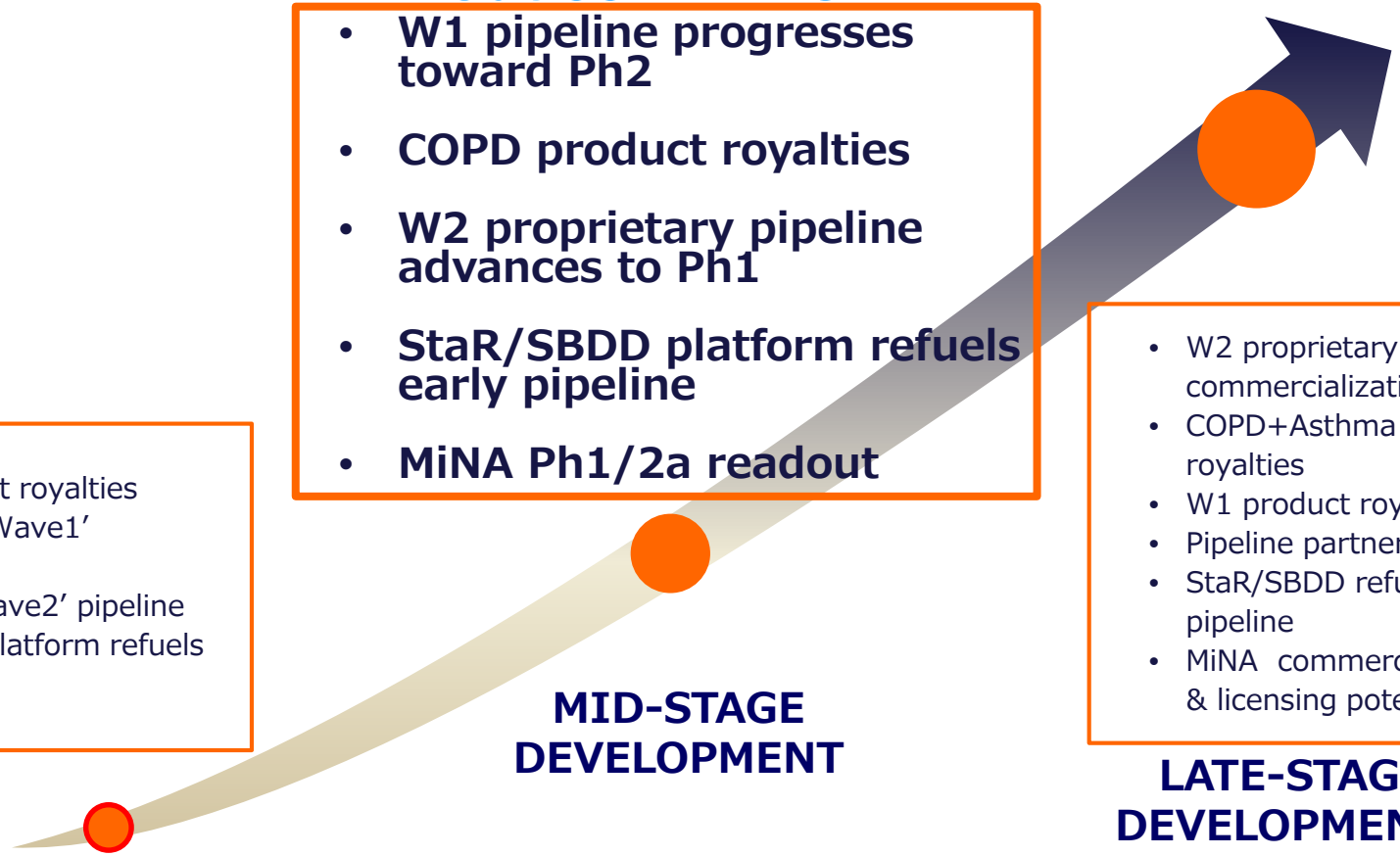
Mission

- To discover, develop and deliver new and innovative medicines
- To make a significant contribution to improving the health and quality of life of people around the world
- To deliver superior, long-term shareholder value

Sosei – Building a global biopharmaceutical company

Outlook 12-18m

- **W1 pipeline progresses toward Ph2**
- **COPD product royalties**
- **W2 proprietary pipeline advances to Ph1**
- **StaR/SBDD platform refuels early pipeline**
- **MiNA Ph1/2a readout**



- COPD product royalties
- Early stage 'Wave1' partnerships
- Emerging 'Wave2' pipeline
- StaR/SBDD platform refuels early pipeline

EARLY STAGE DEVELOPMENT

MID-STAGE DEVELOPMENT

- W2 proprietary product commercialization
- COPD+Asthma product royalties
- W1 product royalties
- Pipeline partnerships
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- MiNA commercialization & licensing potential

LATE-STAGE DEVELOPMENT/ COMMERCIALIZATION

Transition to mid-stage biotech – 12-18 months

Wave1

- M1 plan to progress into Phase 1b patient studies – H2 17
- M4 plan to progress into Phase 1 – H2 17
- M1/M4 Dual to progress post mono therapy data
- A_{2A} Phase 1a study read out H2 17
- CGRP – Potential to progress into P1 – H2 18

Moving to mid-stage development

Transition to mid-stage biotech – 12-18 months

Wave 2

- Up to 3 molecules to progress into full pre-clinical development
- At least one molecule progressing into Phase 1
- StaR/SBDD scaling and refueling–investment in discovery capability

Moving into early stage development

Building a balanced pipeline

Transition to mid-stage biotech – 12-18 months

MiNA – Moving into mid-stage development

- MTL-CEBPA HCC Phase 1/2a data – potential to move to Phase 2b/3
- MTL-CEBPA Potential to start Phase 1/2a in other indications
- Advance other saRNA targets into full pre-clinical development

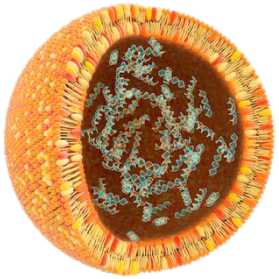
Potential to accelerate and expand Sosei pipeline and create complimentary scalable platform

MiNA has developed MTL-CEBPA for the treatment of multiple liver diseases

MiNA Therapeutics
Activating RNA, mastering disease

Small activating RNA targeting CEBPA gene

Active ingredient



NOV340 SMARTICLES® liposome

Formulation

MTL-CEBPA

Drug Product

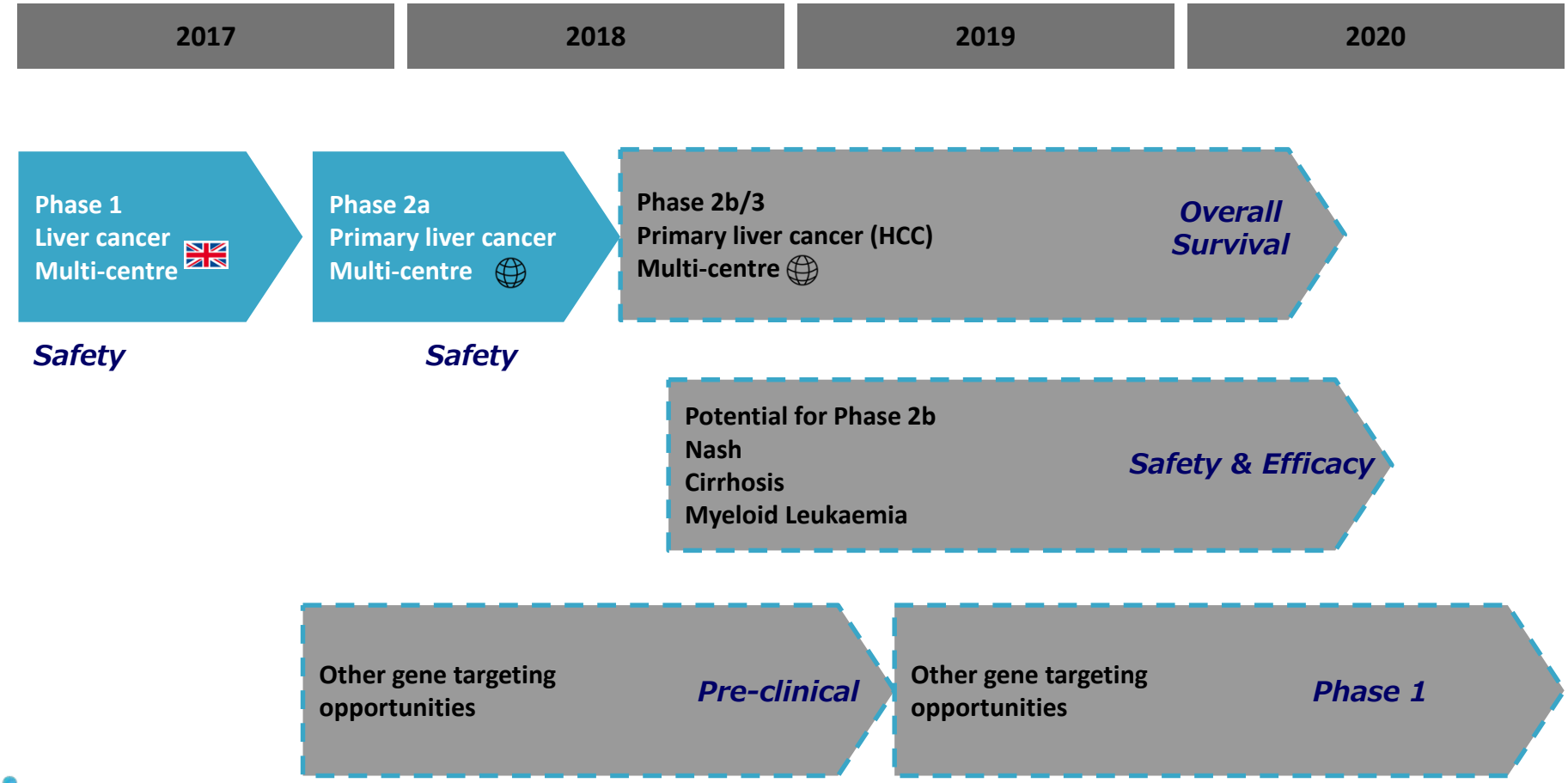
OUTREACH – The first-in-human clinical study of a saRNA therapeutic

MiNA Therapeutics
Activating RNA, mastering disease

- OUTREACH is a first-in-human Phase 1 clinical study of MTL-CEBPA, our lead saRNA therapeutic, in patients with liver cancer
  - Multiple centres in UK
  - Dose-escalation Phase 1 study
  - Assessing the safety and tolerability of MTL-CEBPA
  - In patients with advanced primary or metastatic liver cancer

MiNA pipeline – potential to move into mid-stage development

MiNA Therapeutics
Activating RNA, mastering disease



Outlook – Looking forward the next 12-18 months

Product/Programme	Indication	Partner	Discov.	Preclin.	Phase 1	Phase 2	Phase 3	Market
Products /Development Pipeline (Sosei)								
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QVM 149	Asthma	NOVARTIS						
Wave 1: Partnered Pipeline								
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M_1M_4 dual agonist	Sz/AD Psych / Cog	Allergan						
A_{2A} antagonist	Cancer I/O	AstraZeneca						
CGRP antagonist	Migraine	TEVA						
Not disclosed	Pain	Daiichi-Sankyo						
Wave 2: Proprietary Pipeline								
Multiple	Multiple			3	1			
MiNA: Proprietary Pipeline								
MTL-CEBPA	HCC							
MTL-CEBPA	Multiple							
MTL-Other	Multiple							

Thank you!

Q&A

Overview & Highlights for FY2016

Strong Revenue Growth from existing partnership

Allergan/Heptares agreement

April 2016: To develop & commercialize novel therapeutic drugs for Alzheimer's and other neurological diseases with Allergan

Allergan has received exclusive rights to develop and commercialize broad clinical and preclinical portfolio of M_1, M_4 and dual M_1/M_4 agonists for the treatment of major neurological diseases including Alzheimer's disease

Heptares received upfront payment of $125m

Overview & Highlights for FY2016

Strong Revenue Growth from existing partnership

Astra Zeneca: Initiation of Ph1

Aug 2015: Agreement with AstraZeneca to develop cancer treatments

Heptares has granted AstraZeneca exclusive global rights to develop, manufacture and commercialise the adenosine A2A receptor antagonist, HTL1071, a small molecule immuno-oncology candidate, and potential additional A2A receptor-blocking compounds.

Initiation of Phase 1 clinical study triggered a $10 million milestone payment

Revenue stream from new collaboration

Daiichi Sankyo/Heptares collaboration

March 2017: A drug discovery and licensing agreement with Daiichi Sankyo Company, Limited ("Daiichi Sankyo") focused on a single G protein-coupled receptor (GPCR) nominated by Daiichi Sankyo that plays a crucial role in relieving pain

Heptares will receive an upfront payment of $4 million, research funding of approximately $8 million, and is eligible to receive additional research, development and commercialization milestone payments.

Heptares has received upfront payment of $4 million