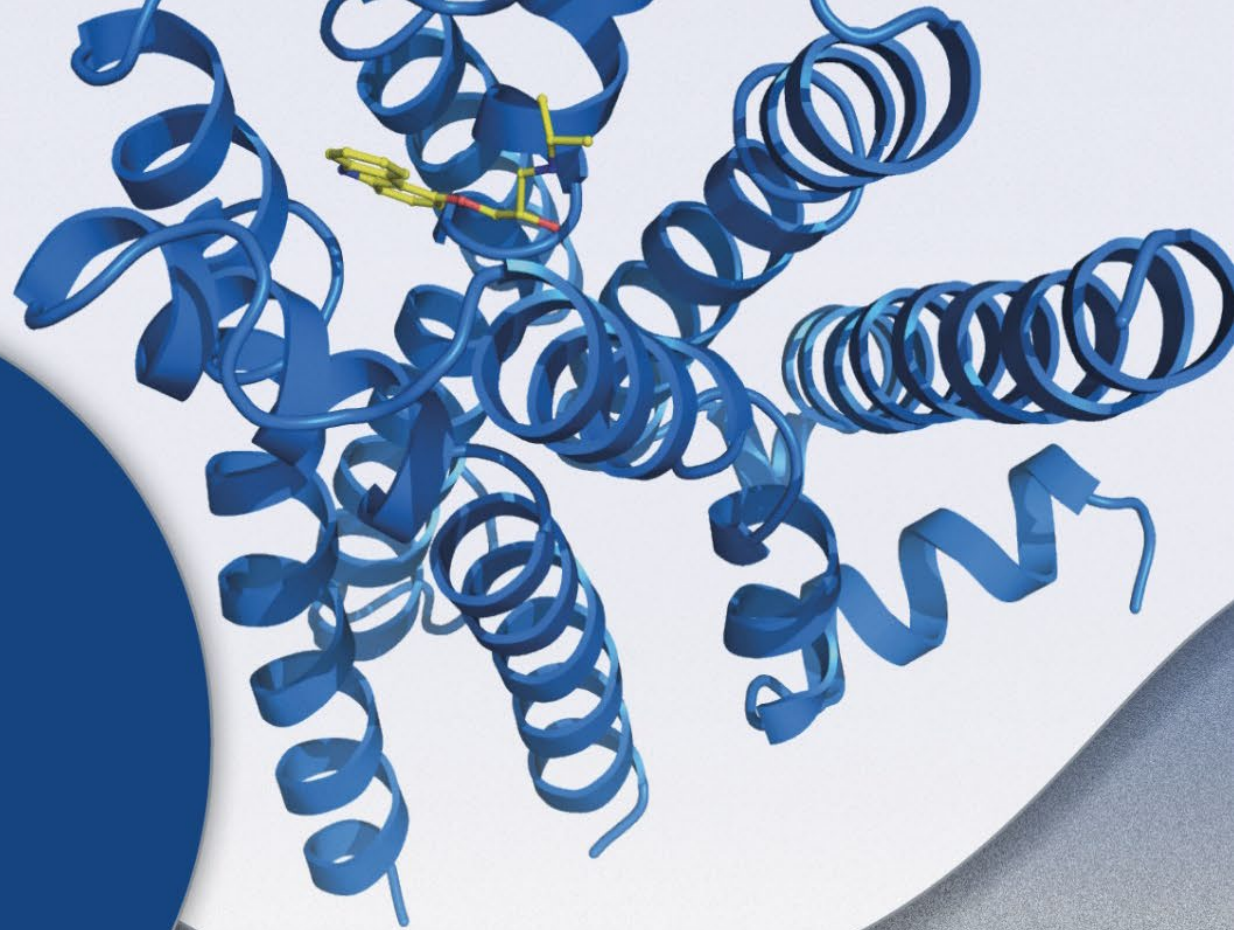


Sosei Group Corporation (TSE: 4565)

**Financial Results for the
Six Month Period ended
September 30, 2018**

8 November 2018



Agenda

Overview of Financial Results

Operational Update

Growth Strategy

Q&A

This material was created to explain the details of our company and is not intended to be used for investment decisions. In addition, the contents reflect the views of our company at the time of the creation of the material, and the accuracy of the information is not guaranteed. Investments should be made based on the independent views of investors

Agenda

Financial Results for the Six Month Period ended September 30, 2018

Chris Cargill, CFO

Timing of revenue milestones drives a significant variance

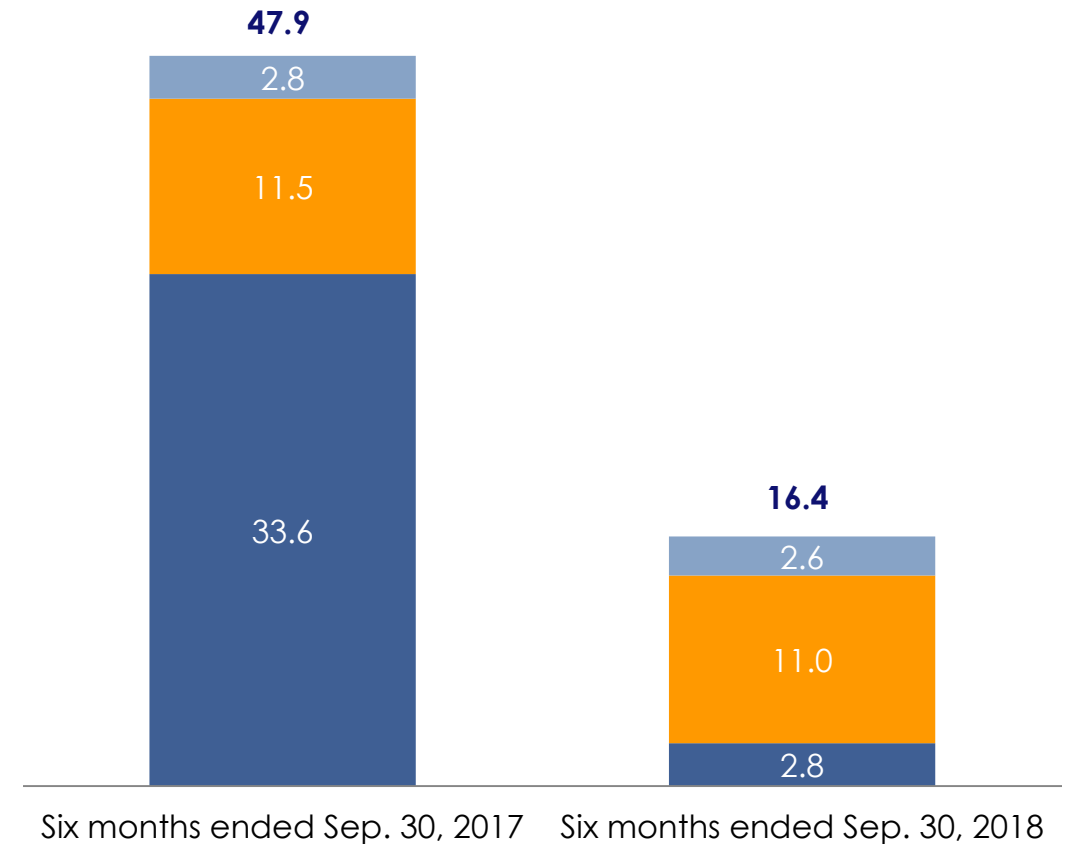
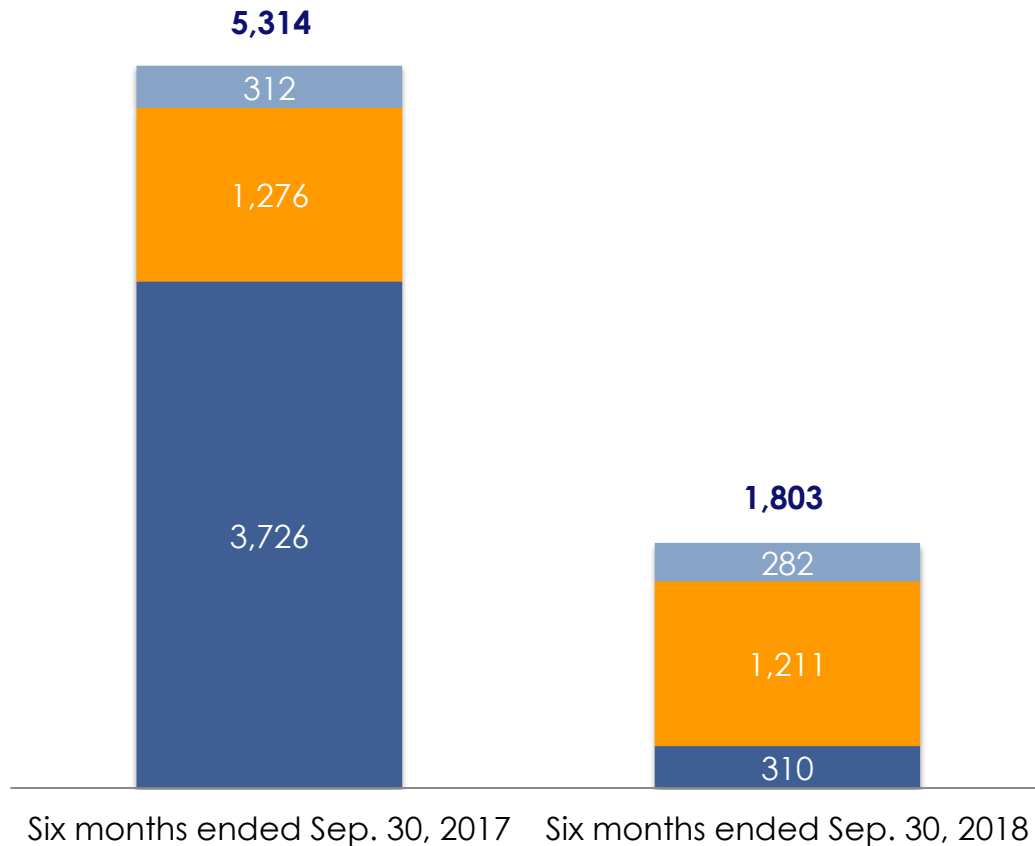
Revenue by type (reported)

JPY million

USD million

■ Milestone ■ Royalty ■ Other

■ Milestone ■ Royalty ■ Other

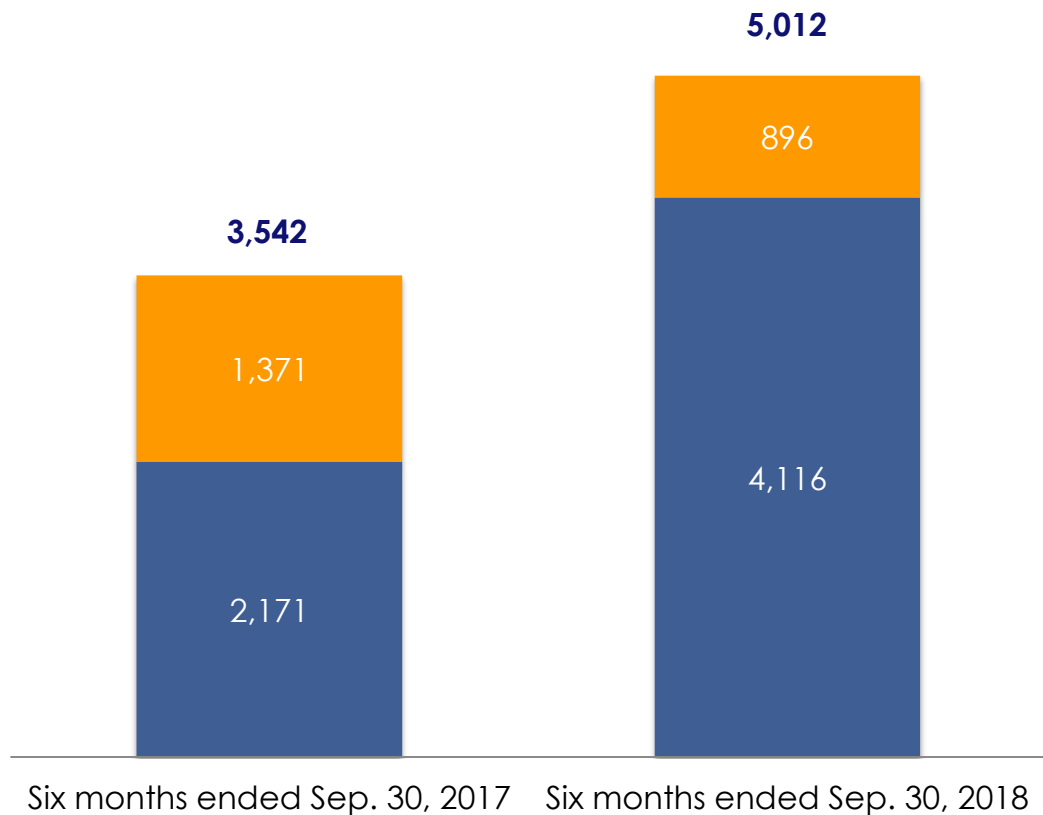


Cash operating expenditure increased, driven by investment for future growth

Cash operating expenditure (reported)

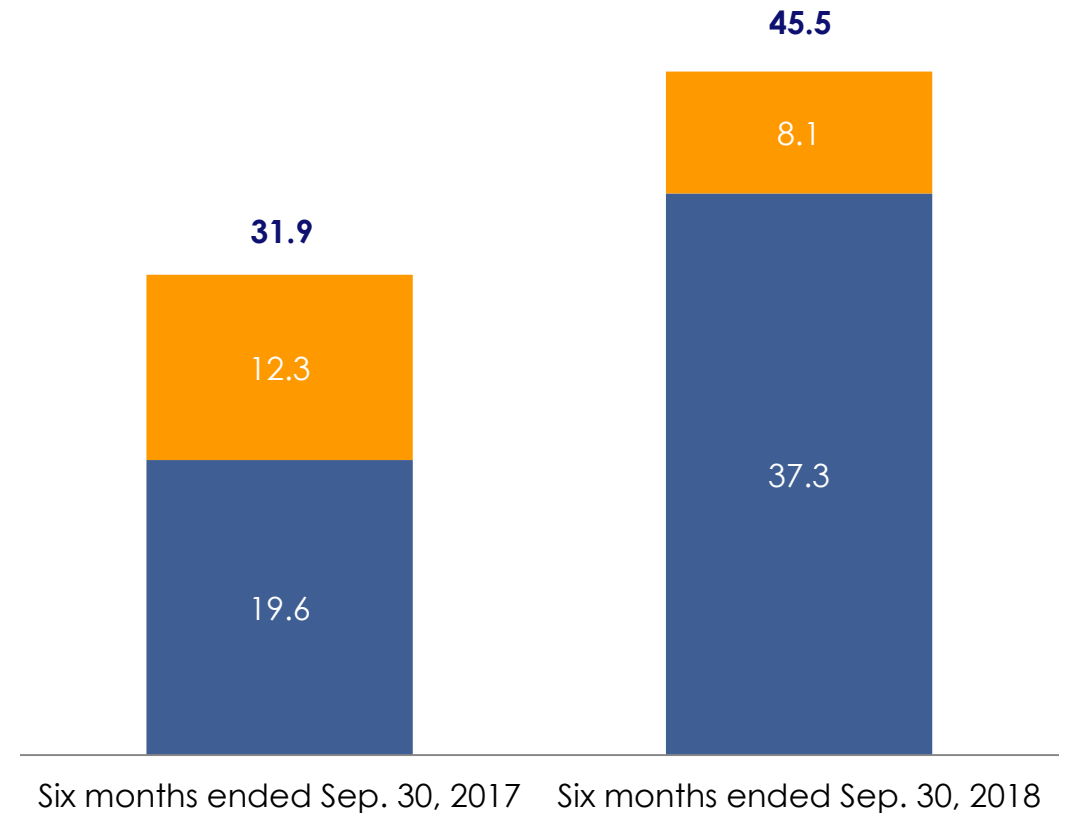
JPY million

■ R&D ■ G&A



USD million

■ R&D ■ G&A



Non-cash costs flat, significant reduction in financing costs

Non-cash costs & financing costs (reported)				
	YEN (M)		USD (M)	
	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2018
Depreciation	57	85	0.5	0.8
Amortization	439	443	4.0	4.0
Stock Based Comp	261	129	2.4	1.2
Total Non-cash	757	657	6.8	6.0
Interest etc.	61	76	0.5	0.7
Fair value movements on option	–	1,112	–	10.1
Foreign Exchange (gain)	349	(35)	3.1	(0.3)
Contingent Consideration (gain)	1,333	(922)	12.0	(8.4)
Total Financing	1,744	231	15.7	2.1

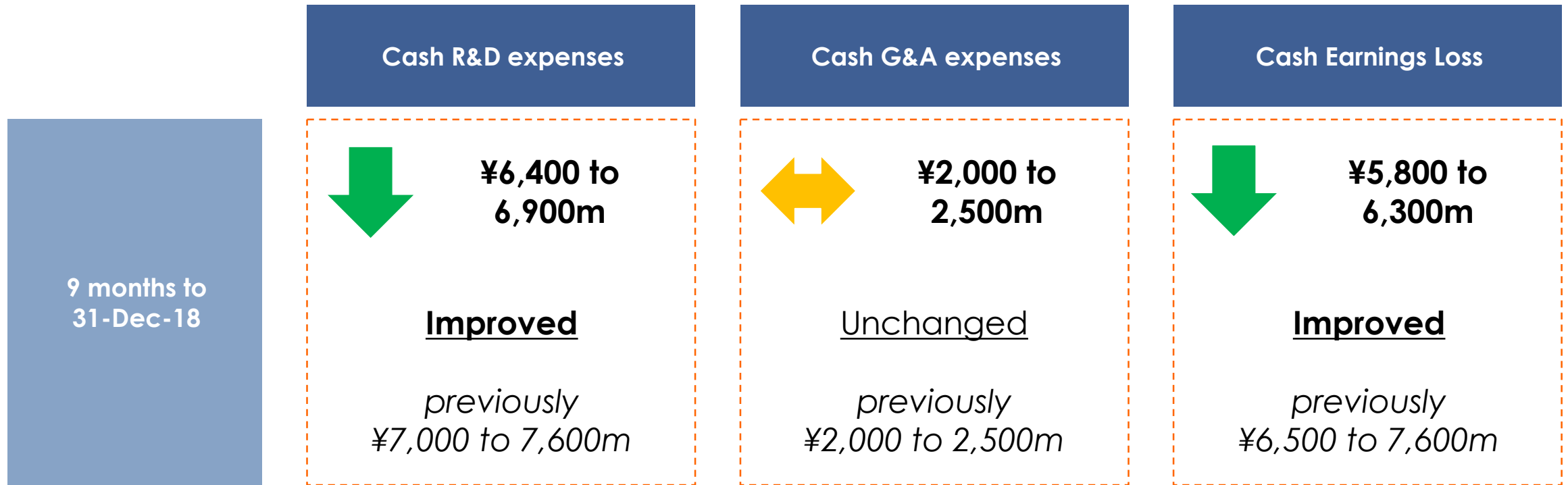
Balance sheet remains strong, initiatives underway to extend cash runway even further

Consolidated balance sheet (reported)

	YEN (M)		USD (M)	
	Mar. 31, 2018	Sep. 30, 2018	Mar. 31, 2018	Sep. 30, 2018
Goodwill & Intangible Assets	31,356	30,352	295.1	267.2
Property, Plant & Equipment	1,156	2,558	10.9	22.5
Cash on Hand	28,281	21,327	266.1	187.8
Equity Accounted Investments	4,424	4,254	41.6	37.5
Other Financial Assets	1,619	1,200	15.2	10.6
Other Assets	2,650	3,715	24.9	32.7
Total Assets	69,486	63,405	653.9	558.2
Interest-bearing debt	9,173	7,750	86.3	68.2
Other Liabilities	11,427	10,032	107.6	88.4
Total Liabilities	20,600	17,782	193.9	156.6
Net Assets	48,886	45,623	460.0	401.7

No impairment to goodwill and intangible assets related to HTL0018318. No impairment to carrying value of MiNA

Challenging year driving the need for strong financial management



Financial forecasts have improved, as a result of more focussed R&D cost management

Accelerating value creation by prioritizing the pursuit of profitability in 2019



Targeting a more sustainable balance of resources and capital and extending the cash runway

¹ USD:JPY FX rate 108

Agenda

Operational Update for the Six Month Period ended September 30, 2018

Peter Bains, CEO

A challenging six months, but excellent progress in our wider business and well-positioned to capitalize on a number of strategic opportunities

- 1 HTL0018318 and MiNA Therapeutics** – decisions made in the best interest of stakeholders

- 2 Excellent progress in our wider business** – partnered and in-house candidates advancing

- 3 Driving value from StaR® platform technology** – refilled pipeline to drive new opportunities

- 4 Extending GPCR leadership with new collaborations** – advanced discussions with new potential partners

- 5 State-of-the-art R&D facility in world leading innovation hub** – better science and deal-making potential

A challenging half, however we will emerge stronger than ever before

Decisions made in the best interest of stakeholders

Update on HTL0018318

- **Fast decision made to voluntarily suspend clinical trials – patient safety of utmost importance**
- **No impairment to intangible assets or goodwill identified, M4 program not impacted**
- Allergan fully committed to M1 program
- Investigation underway, fully funded by Allergan
- Timeline for findings remains 6-12 months
- Multiple back-up compounds already exist and can be brought forward

MiNA Therapeutics

- **Strategic decision made not to invest further – the most value-maximizing for Sosei shareholders**
- **No impairment to carrying value identified**
- Did not meet our strict hurdle criteria for additional \$100m+ investment
- MiNA investigating MTL-CEBPA as a combination therapy represents a promising clinical strategy
- Our core focus is the GPCR-targeted portfolio, which has better value-creating potential

Recent events changed the outlook for mid-term planning – we are taking action and will emerge stronger

2 Demonstrated progress with partners

ORAVI®

FUJIFILM

- ✓ ORAVI® approved in Japan – \$1.8m received
- ✓ Sosei's fourth approved product
- ✓ Paves way for future launch and exciting treatment for patients

Outline of ORAVI® Mucoadhesive Tablets 50mg

Approval date 21-Sep-18

Market Authorization Holder Sosei Co., Ltd.

Product name ORAVI® Mucoadhesive Tablets 50mg

Content/Description Miconazole 50mg per Tablet

AZD4635 (A2aR)

AstraZeneca 

- ✓ Phase Ia complete, extensive Phase Ib ongoing
- ✓ Maximum tolerated dose (MTD) identified (mono and combination therapy)
- ✓ Further studies in combination with oleclumab (anti-CD73) underway

Publication momentum building

AUG-18

SEP-18

OCT-18

NOV-18

GRC-MC 2018
New Hampshire

AZD4635 med chemistry story







WLCL 2018
Toronto
Oleclumab + AZD4635 EGFRm NSCLC trial

Expert opinion on drug discovery
Targeting A2aR antagonism for treatment of cancer

SITC 2018
Baltimore
AZD4635 Preclinical modelling and simulation

Momentum continues to build in partnered programs

2 Advancing development of our in-house candidates

Program target	Disease indication	Originator	Discovery	Preclinical	Phase 1	Phase 2	Phase 3	Marketed	
M ₁	DLB (Japan)	 SOSEI	—————●				● ON HOLD		
mGlu ₅	Neurology	 SOSEI	—————●						
SSTR	Endocrine disorders	 SOSEI	—————●						
CGRP	Migraine	 SOSEI	—————●						
GLP-1	Metabolic diseases	 SOSEI	—————●						
GLP-2	Intestinal failure	 SOSEI	—————●						

Building an early stage proprietary pipeline focused on rare and specialty diseases

3

StaR® GPCR technology – World leaders choose to work with us



Early StaR® success drove multiple partnerships

▶ See partnerships



Pipeline re-filling with new drug candidates

▶ See next slide

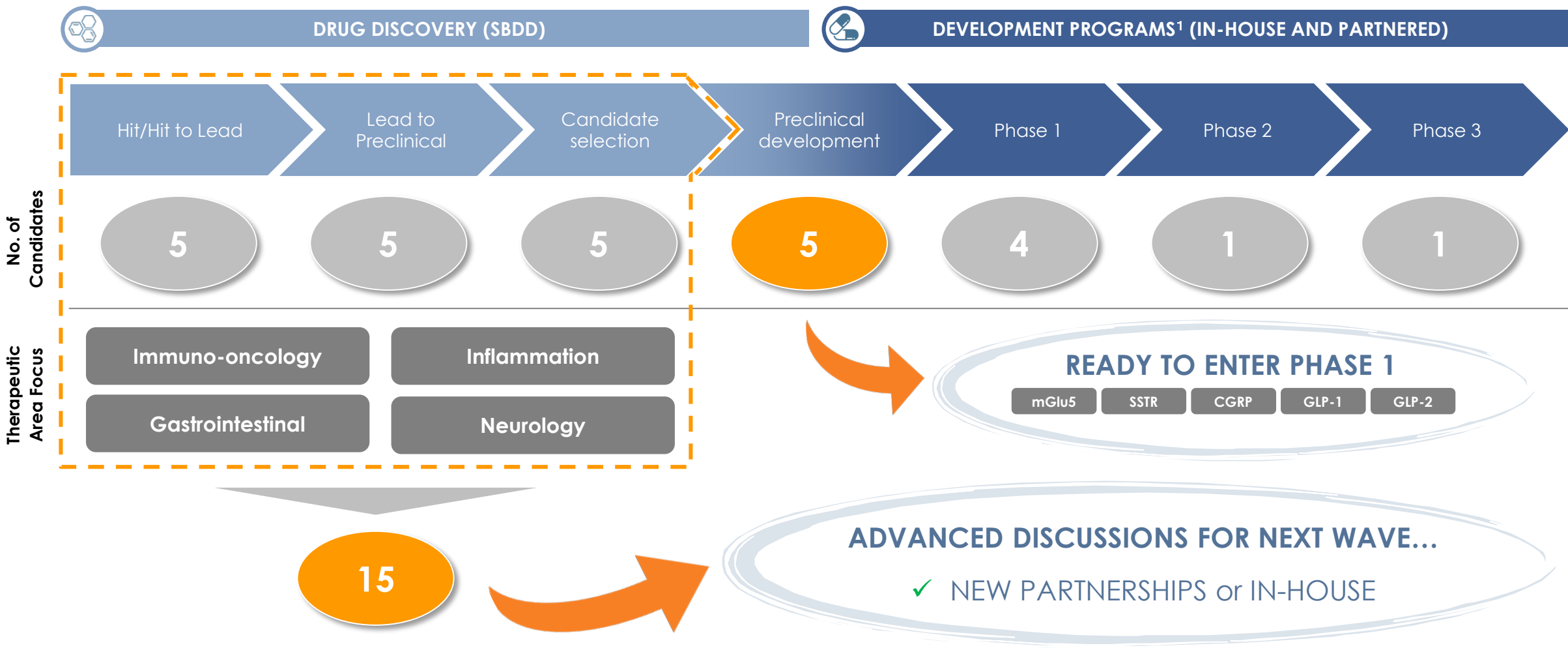
Platform technology & drug discovery capability validated

Continued progress building a global biopharma business



PLATFORM TECHNOLOGY (StaR® - Structure)

3 Not just Development - next wave of 15 novel high-value discovery candidates ready



Aggressively pursuing new partners for multiple discovery and development deals

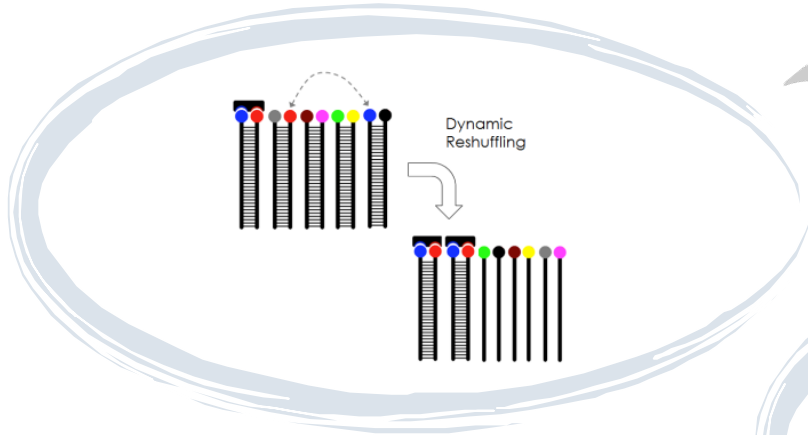
¹AZD4635 for multiple solid malignancies, AZD4635 for EGFRm NSCLC, HTL0016878 for neurobehavioral symptoms of Alzheimer's disease, HTL0018318 for Alzheimer's disease (voluntarily suspended), HTL0018318 for dementia with Lewy bodies (voluntarily suspended), and QVM149 for Asthma

4

New collaboration – extending Platform leadership with DyNAbind

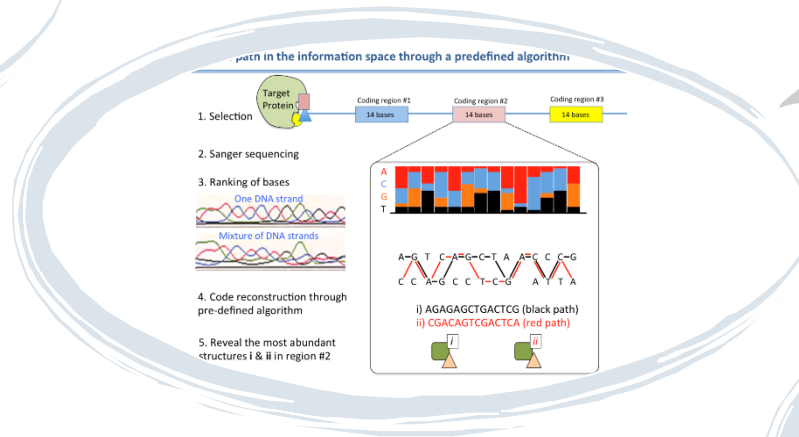


DYNAMIC DNA LIBRARIES



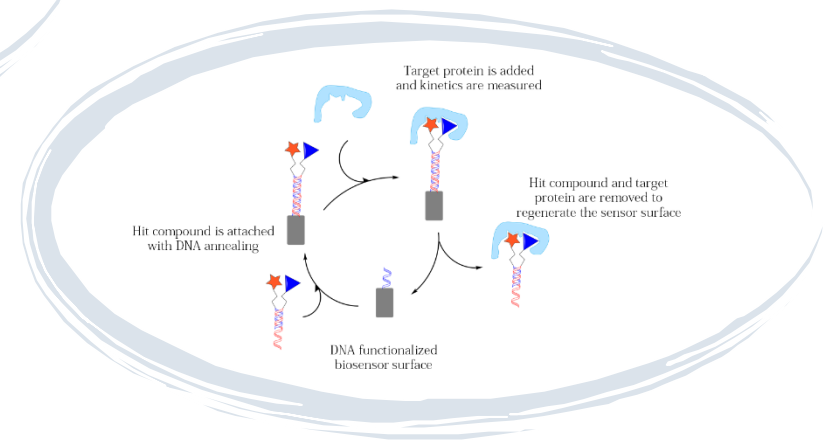
✓ **Rapid throughput** to drive new assets, new partnership potential

PATH-CODING ALGORITHM



✓ **High-demand area of chemistry**, first-time application to GPCRs

BINDING PROFILER VALIDATION



StaR® structures combined with DyNAbind DNA-encoded library - faster discovery of new candidates

5

New state-of-the-art R&D facility - better science and more deal-making potential

Cambridge – global centre of science



Steinmetz Building, Granta Park – new state-of-the-art facility



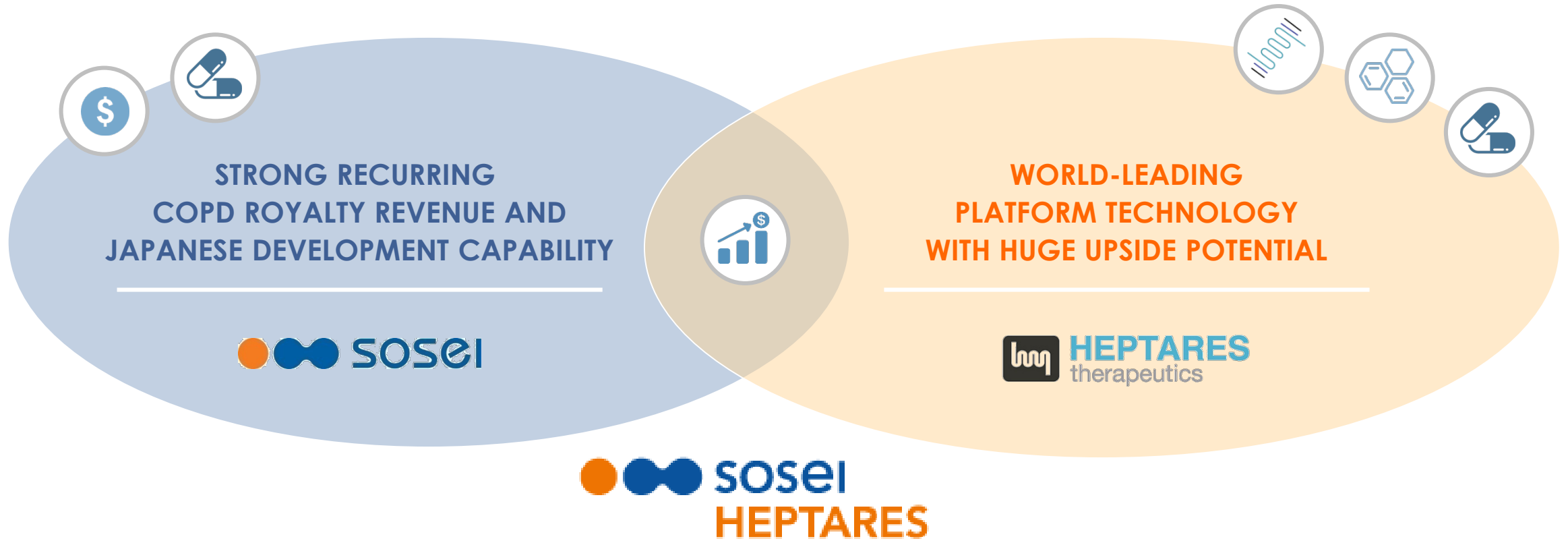
~140 highly skilled scientists



- ✓ Global hub of science and innovation
- ✓ Close to world-class R&D centres
- ✓ Better deal-making potential with world-leading pharma partners

- ✓ Houses our world-leading UK scientists in one building
- ✓ Motivational to scientific teams
- ✓ More effective collaboration

Re-branding to Sosei Heptares almost complete – bringing us together for success



One Sosei Heptares

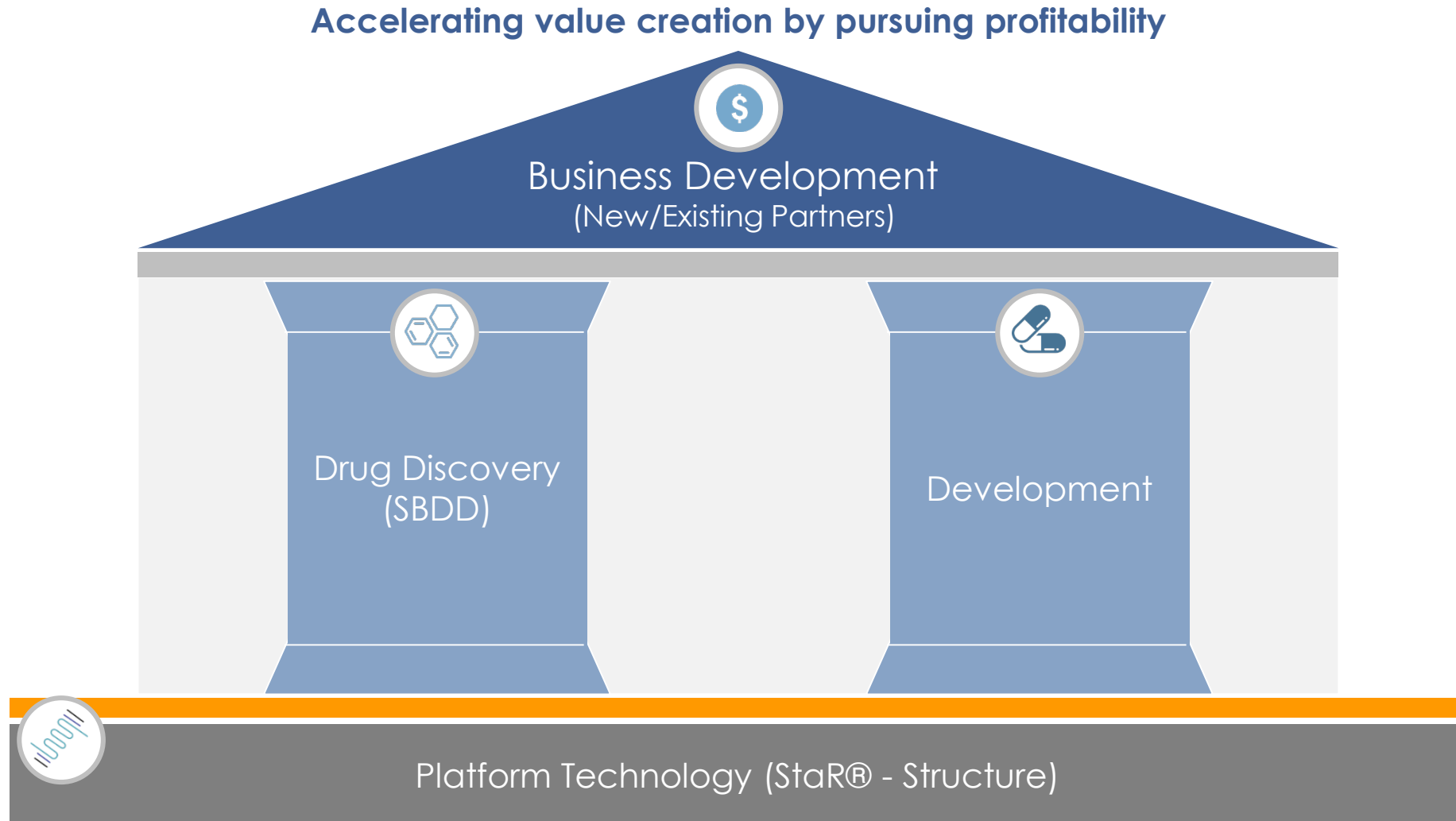
Agenda

Growth Strategy

Shinichi Tamura, Executive Chairman

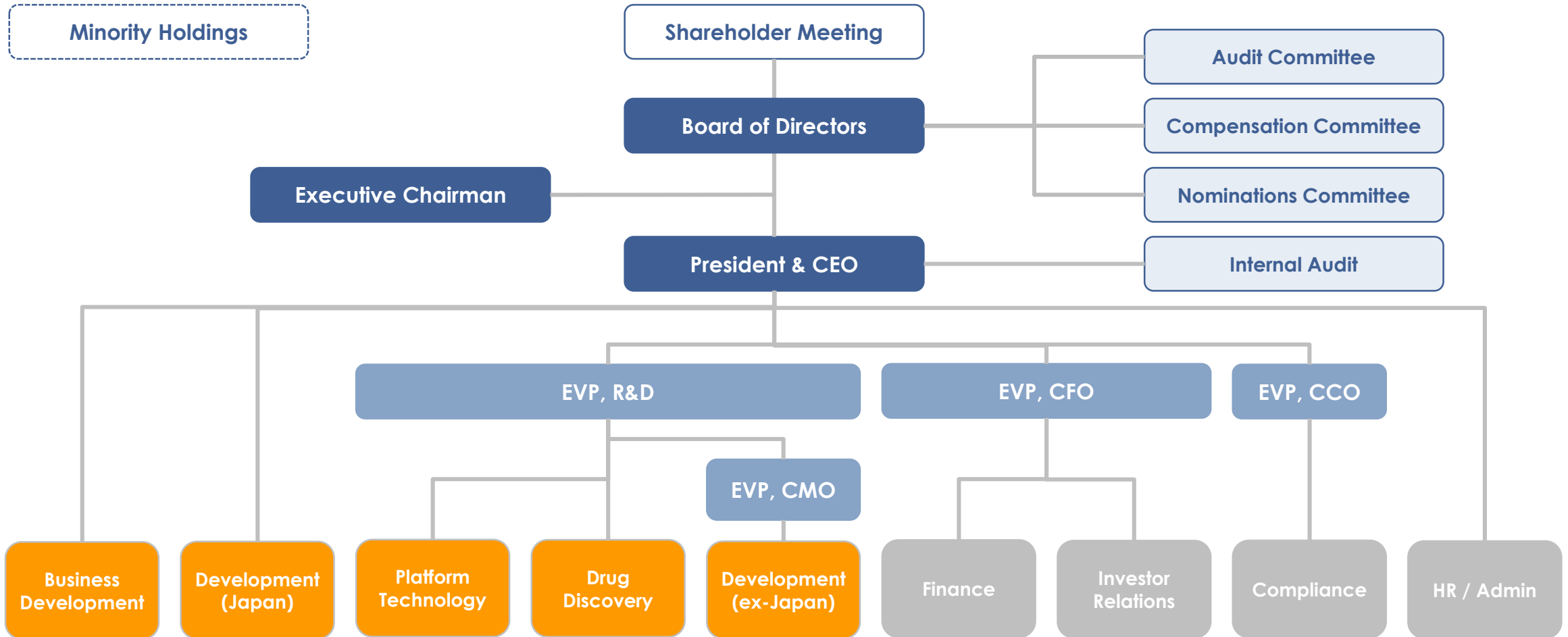
Growth strategy : Two pillars to success with world-leading science as the foundation

More partnerships and focused R&D expenditure to pursuit profitability



New organizational structure

Optimized to enhance accountability and achievement of overall corporate goals



Enhanced corporate governance to drive achievement of corporate goals

EVP: Executive Vice President, CFO: Chief Financial Officer, CCO: Chief Compliance Officer, CMO: Chief Medical Officer

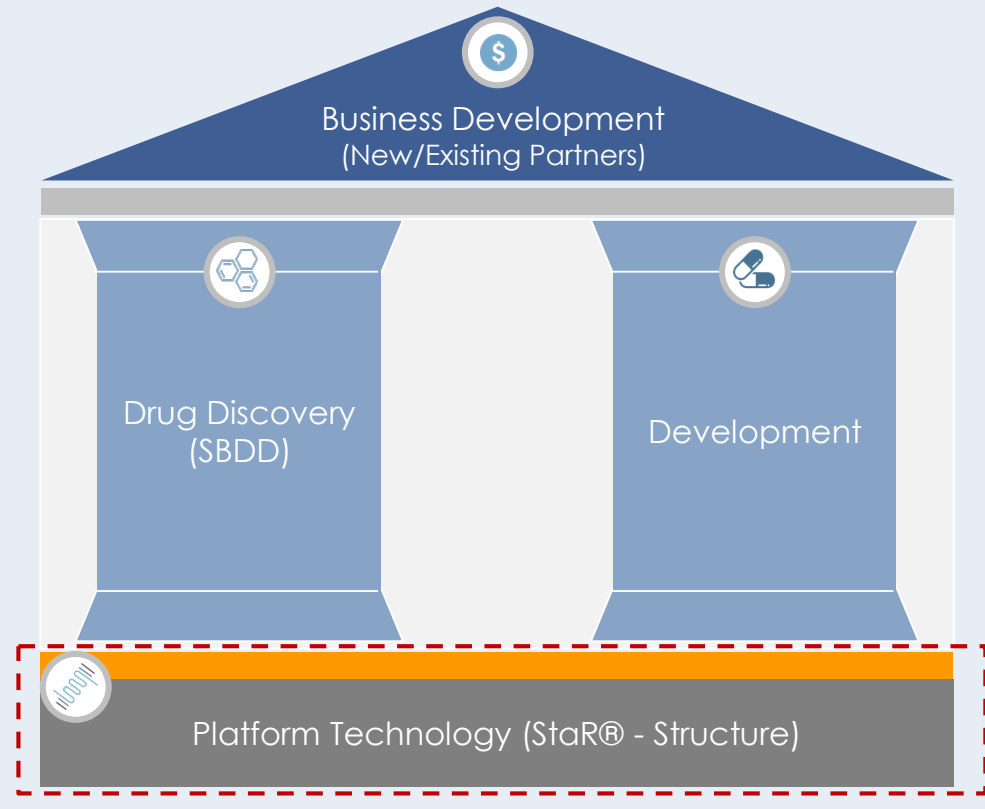
Platform Technology (StaR® - Structure)

Focused on growing and scaling and monetizing our platform technology sustainably



Our Strategy

Accelerating value creation by pursuing profitability



PLATFORM TECHNOLOGY (StaR® - Structure)



- ✓ Extend technology leadership
- ✓ Increase number of external research projects
- ✓ Progress existing technology partnerships

We do not sell direct access to our proprietary technology preserving its value and demand into the future

StaR® technology and our differentiation strategy

We approach areas of lower competition/higher potential. Sustainability to create new targets

10% of proteins can be drug targets ¹

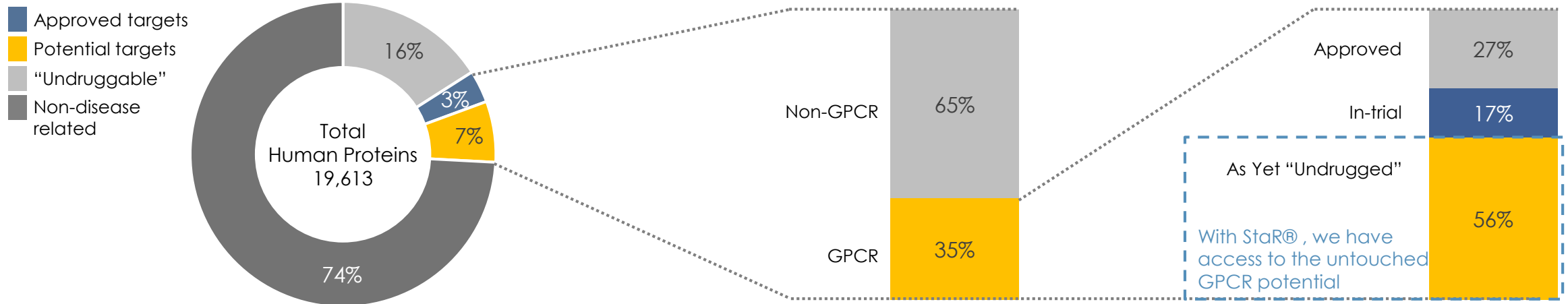
- The number of viable drug targets are decreasing as “low-hanging fruits” have been widely exploited.

35% of all known targets are GPCRs²

- We specialize in GPCR, which constitutes 35% of all drug targets.

Access to over 50% of GPCR opportunity

- Furthermore, with StaR® technology, we are one of a few companies to approach untouched GPCR potential.



With our ability to access unexplored GPCR opportunities, we have a competitive advantage

¹ Human protein atlas, Drugbank, KS analysis

² “Unexplored opportunities in the druggable human genome”, Nature Reviews, 2016 ; 2 “Trends in GPCR in Drug Discovery – new agents, targets and indications”, Nature Reviews, 2017

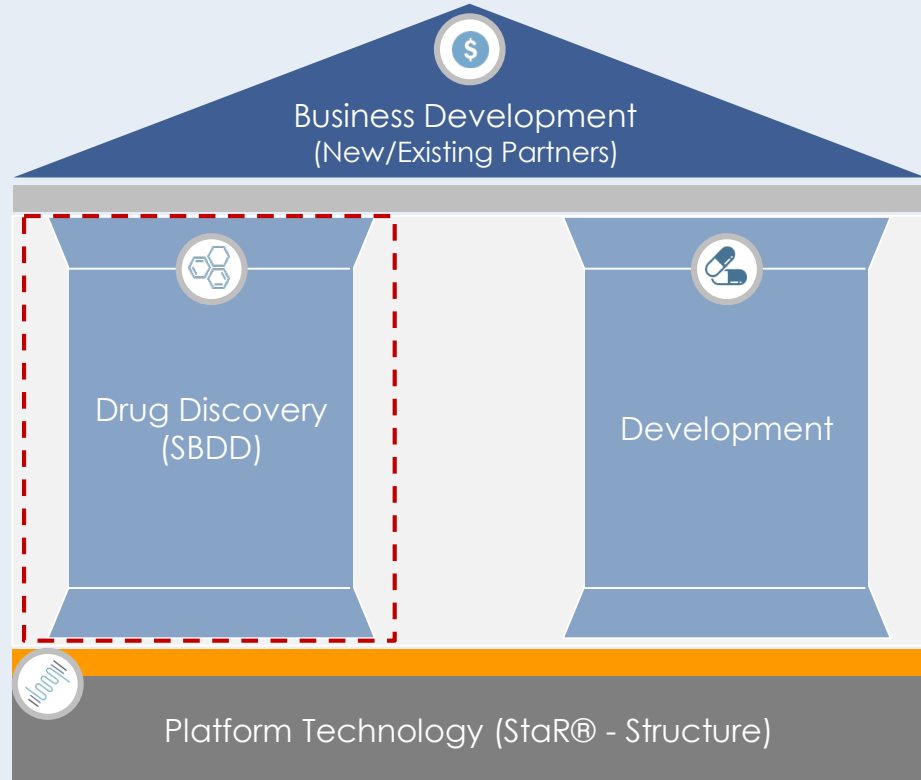
Drug Discovery (SBDD)

More efficient SBDD – maximising value from productive drug discovery engine



Our Strategy

Accelerating value creation by pursuing profitability



Drug Discovery (SBDD)



Identify commercial potential early
– prioritize only the highest value candidates



SBDD underpins efficient and rapid and high quality throughput from target identification



Increase number of candidates targeted for new partnerships

Narrowing focus to the highest value discovery candidates

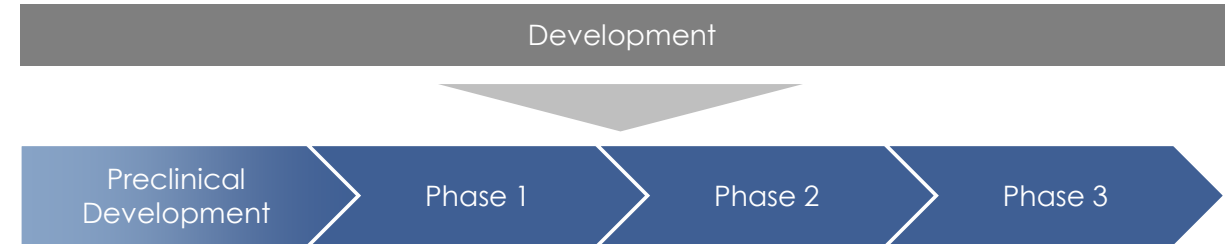
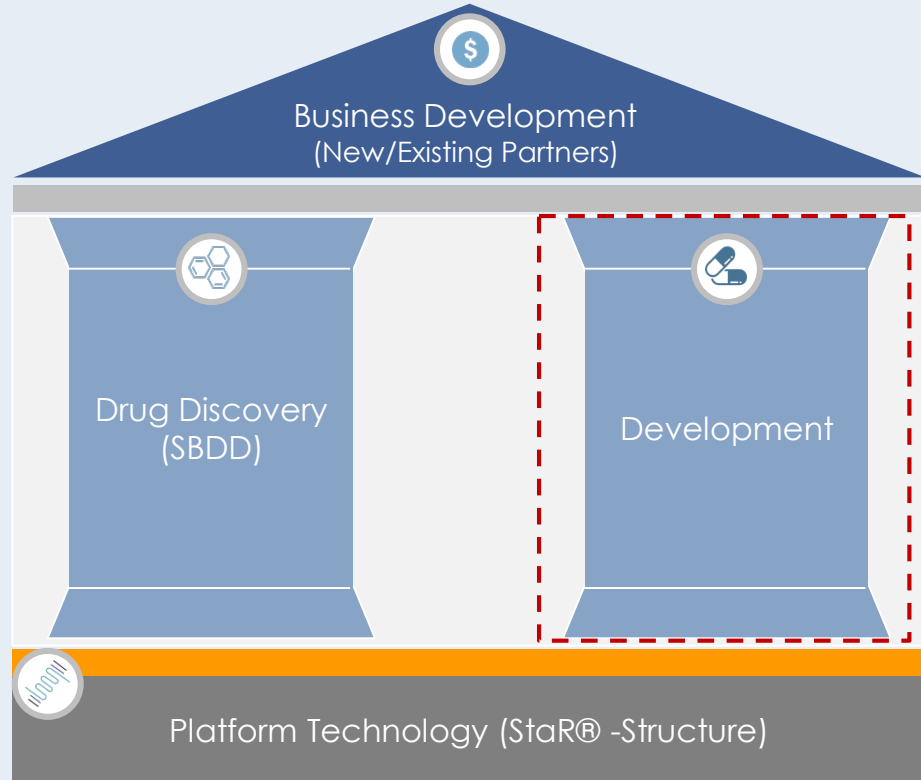
Development

More selective focus on high value programs going forward to pursuit profitability



Our Strategy

Accelerating value creation by pursuing profitability



More rigorous selection process
(focused high quality Phase 1 starts)



Sosei KK to take on development of specific
GPCR pipeline candidates for Japan

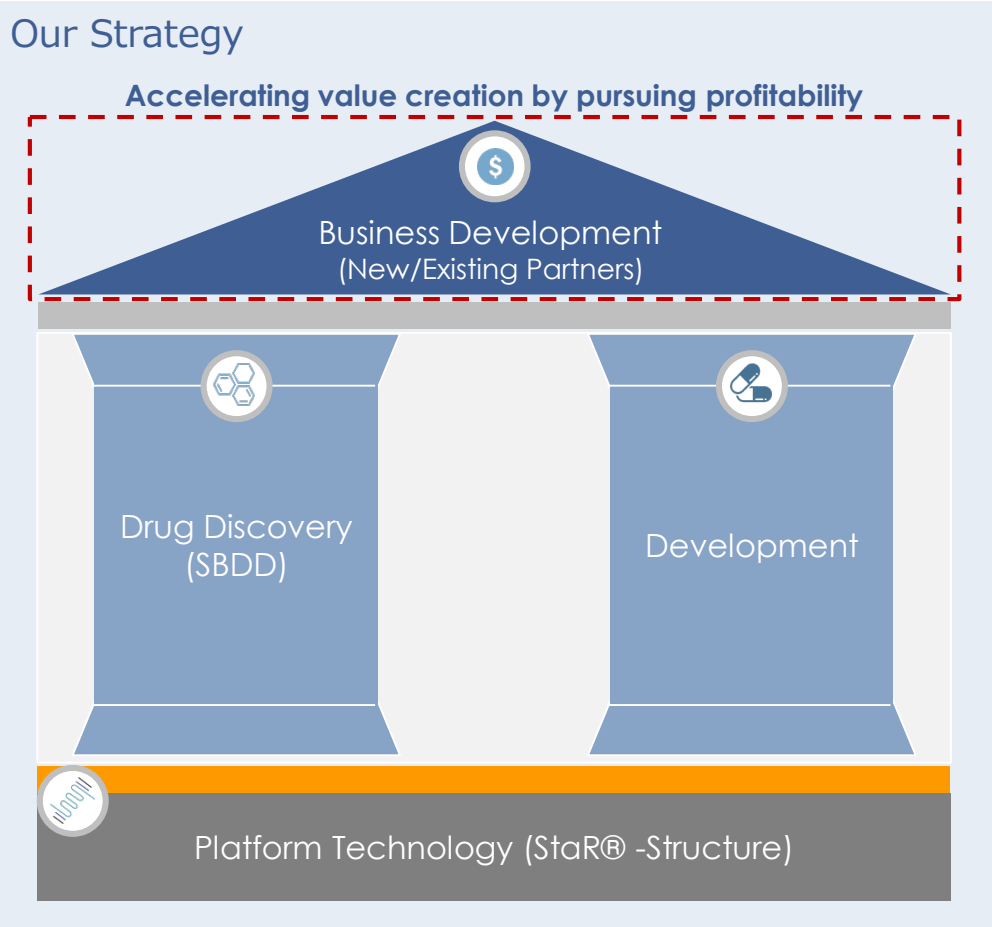


At least one Phase 2 POC by 2021

Better prioritization of development will enhance focus on the most valuable programs

Business Development (New/Existing Partners)

Investments in platform, discovery and development to drive 2019 partnerships



	Platform Technology	Drug Discovery	Development
A New Partner Generation (Revenues)	At least one new technology deal	At least one new discovery or development partnership and receive an upfront payment	
Existing Partner Progress (Revenues)	At least one milestone from existing partner	At least one upfront payment from new discovery asset	At least one milestone from existing partner
B Strong cost management	Prioritize R&D spend, reduce R&D P&L cost with new JVs and our license partners, enhance contract management to reduce costs		

Accelerating value creation by prioritizing the pursuit of profitability in 2019

Thank you



VISION

To become a leading biotechnology company, anchored in Japan, with a global reach

MISSION

Making a significant contribution to improving the quality of life and health of people around the world

VALUES

Integrity and Accountability, Passion, Courage and Resilience, Openness, Teamwork

Agenda

Q&A

Disclaimer

The material that follows is a presentation of general background information about Sosei Group Corporation and its subsidiaries (collectively, the "Company") as of the date of this presentation. This material has been prepared solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities and should not be treated as giving investment advice to recipients. It is not targeted to the specific investment objectives, financial situation or particular needs of any recipient. It is not intended to provide the basis for any third party evaluation of any securities or any offering of them and should not be considered as a recommendation that any recipient should subscribe for or purchase any securities.

The information contained herein is in summary form and does not purport to be complete. Certain information has been obtained from public sources. No representation or warranty, either express or implied, by the Company is made as to the accuracy, fairness, or completeness of the information presented herein and no reliance should be placed on the accuracy, fairness, or completeness of such information. The Company takes no responsibility or liability to update the contents of this presentation in the light of new information and/or future events. In addition, the Company may alter, modify or otherwise change in any manner the contents of this presentation, in its own discretion without the obligation to notify any person of such revision or changes.

This presentation contains "forward-looking statements," as that term is defined in Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. The words "believe", "expect", "anticipate", "intend", "plan", "seeks", "estimates", "will" and "may" and similar expressions identify forward looking statements. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our products), are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. The important factors that could cause our actual results, performance or achievements to differ materially from those in the forward looking statements include, among others, risks associated with product discovery and development, uncertainties related to the outcome of clinical trials, slower than expected rates of patient recruitment, unforeseen safety issues resulting from the administration of our products in patients, uncertainties related to product manufacturing, the lack of market acceptance of our products, our inability to manage growth, the competitive environment in relation to our business area and markets, our inability to attract and retain suitably qualified personnel, the unenforceability or lack of protection of our patents and proprietary rights, our relationships with affiliated entities, changes and developments in technology which may render our products obsolete, and other factors. These factors include, without limitation, those discussed in our public reports filed with the Tokyo Stock Exchange and the Financial Services Agency of Japan. Although the Company believes that the expectations and assumptions reflected in the forward-looking statements are reasonably based on information currently available to the Company's management, certain forward looking statements are based upon assumptions of future events which may not prove to be accurate. The forward looking statements in this document speak only as at the date of this presentation and the company does not assume any obligations to update or revise any of these forward statements, even if new information becomes available in the future.

This presentation does not constitute an offer, or invitation, or solicitation of an offer, to subscribe for or purchase any securities. Neither this presentation nor anything contained herein shall form the basis of any contract or commitment whatsoever. Recipients of this presentation are not to construe the contents of this summary as legal, tax or investment advice and recipients should consult their own advisors in this regard.

This presentation and its contents are proprietary confidential information and may not be reproduced, published or otherwise disseminated in whole or in part without the Company's prior written consent. These materials are not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

This presentation contains non-GAAP financial measures. The non - GAAP financial measures contained in this presentation are not measures of financial performance calculated in accordance with IFRS and should not be considered as replacements or alternatives profit, or operating profit, as an indicator of operating performance or as replacements or alternatives to cash flow provided by operating activities or as a measure of liquidity (in each case, as determined in accordance with IFRS). Non-GAAP financial measures should be viewed in addition to, and not as a substitute for, analysis of the Company's results reported in accordance with IFRS.

References to "FY" in this presentation are to the Company's fiscal years, namely the 12-month periods commencing in each case on April 1 of the year indicated and ending on March 31 of the following year, unless specifically otherwise indicated.

Locations

SOSEI GROUP

PMO Hanzomon 11F
2-1 Kojimachi, Chiyoda-ku
Tokyo 102-0083 Japan

North West House
119 Marylebone Road
London NW1 5PU United Kingdom

www.osei.com

HEPTARES THERAPEUTICS

Steinmetz Building
Granta Park
Cambridge CB21 6DG United Kingdom

Grabenstrasse 11a,
CH-8952 Schlieren Zürich,
Switzerland

www.heptares.com