



Sosei Group Corporation

26th Ordinary General Meeting of Shareholders

24 June 2016

www.sosei.com



Agenda



Opening

Shinichi Tamura

Board Director and Representative Executive Officer, CEO

Report on the number of voting rights



Audit Committee Report

Tomohiro Tohyama
Audit Committee Member



Business Report

Shinichi Tamura

Board Director and Representative Executive Officer, CEO

Financial Highlights FY2015

Business Highlights FY2015

Consolidated Results for FY2015 (IFRS)

(million yen)

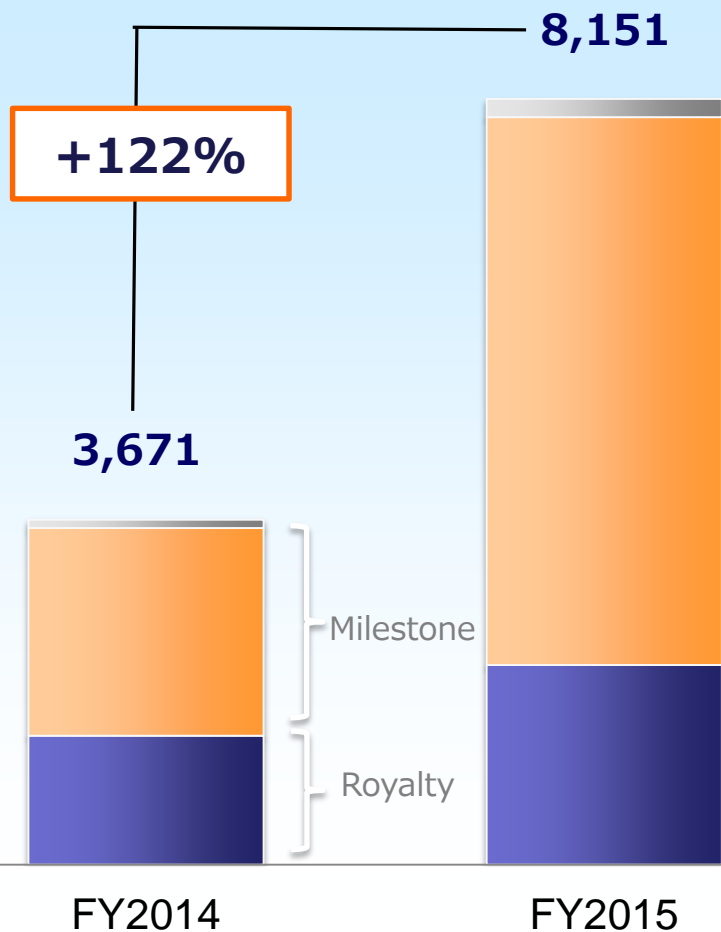
	FY 2014	FY 2015	Change (%)
Revenue	3,671	8,151	122.0%
Gross profit	3,602	8,147	126.1%
R&D expenses	557	3,916	603.0%
SG&A expenses	2,011	3,293	63.7%
Operating income	1,043	1,075	3.0%
Net income (loss)	1,301	(3,297)	—
Net income attributable to owners of the parent company	516	(1,432)	—

(million yen)

	FY 2014	FY 2015	Change
Cash and cash equivalents	5,573	10,068	4,495

Revenue

(million yen)



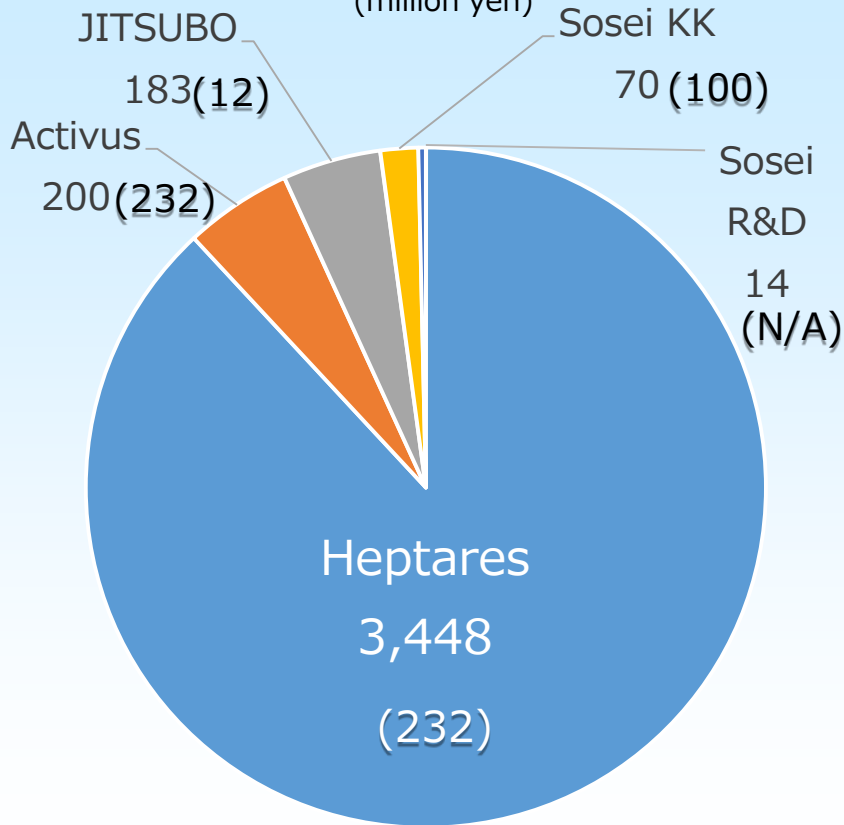
- **122% increase in revenue relative to the comparative period of the last financial year**
 - **The growth of Seebri® and Ultibro® has brought an increase in royalties**
 - **Upfront payments of USD 10 million were received from both AstraZeneca for A_{2A} receptor antagonist and Teva for CGRP, and USD22.5 million was received from NVS upon FDA approval**

* Seebri® Breezhaler® and Ultibro® Breezhaler® are registered trademarks of Novartis AG.

R&D Expenses and SG&A Expenses

R&D 2015

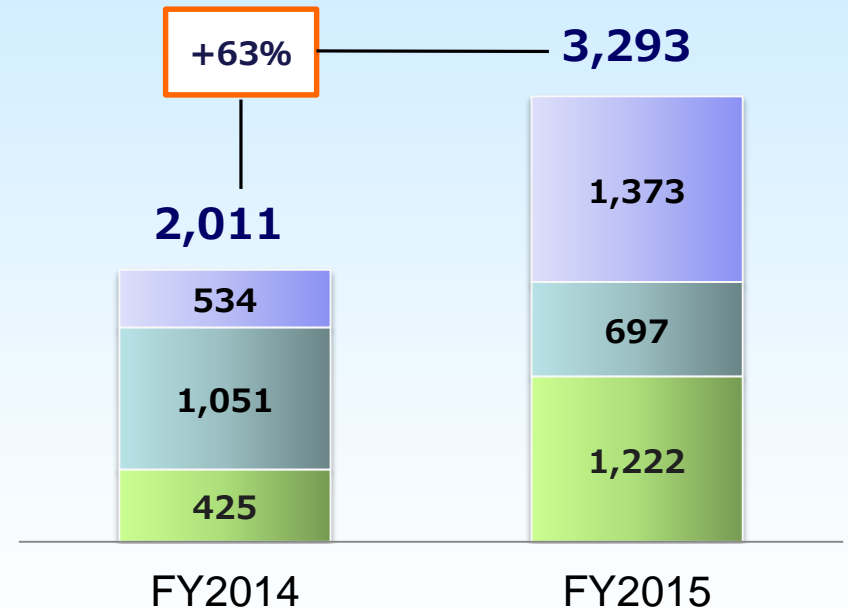
(million yen)



* FY2014 figures shown in parentheses

SG&A expenses

(million yen)



■ Other ■ Outsourcing ■ Personnel

FY2016 Financial Forecast

(million yen)

	FY2015 (actual)	FY2016 (budget)
Revenue	8,151	27,925
Operating income	1,075	17,096
Income before tax	(3,297)	14,901
Net income attributable to owners of the parent company	(1,432)	13,064
R&D expenses	3,916	7,074
SG&A expenses	3,293	4,027

➤ Revenue

- Royalties from Seebri and Ultibro
- Upfront from Allergan
- Initial payments and milestones related to Heptares product candidates

➤ R&D expenses

- Increase investment in development of high-potential products

Financial Highlights FY2015

Business Highlights FY2015

FY2015 Achievements



Significant subsequent events

Apr. 2016 **Agreement to develop and commercialize novel therapeutic drugs for Alzheimer's and other neurological diseases with Allergan**



Collaboration with big pharmaceutical companies

Aug. 2015 **Adenosine A2A receptor antagonist with AstraZeneca**

Nov. 2015 **Discover and Develop Novel Small Molecule CGRP Antagonists for Treatment of Migraine with Teva**

Nov. 2015 **Strategic Drug Discovery Collaboration with Pfizer**



Milestone & Royalty from Seebri[®] & Ultibro[®]

Growing Royalties from Seebri[®] and Ultibro[®]

Approved in the US October 2015

Heptares Muscarinic Programmes

➤ **M₁ agonists – Cognitive impairment in AD and SZ**

- HTL9936 – first-in-class oral agent
- Phase 1a completed (84 healthy volunteers)
- Confirmed safety, tolerability, PK
- Increased brain activity w/o AEs linked to M₂/M₃ binding
- Phase 1b underway, further clinical studies planned

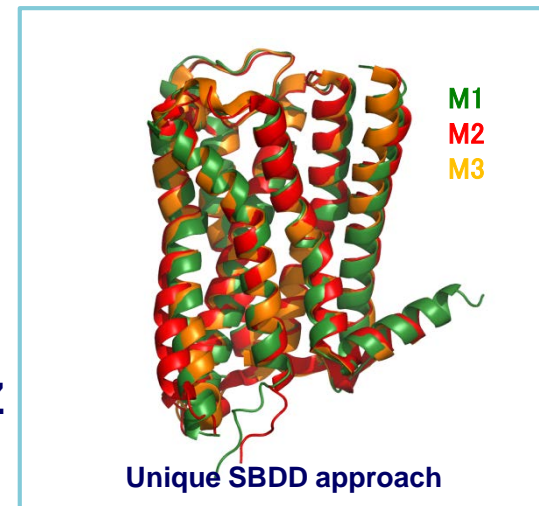
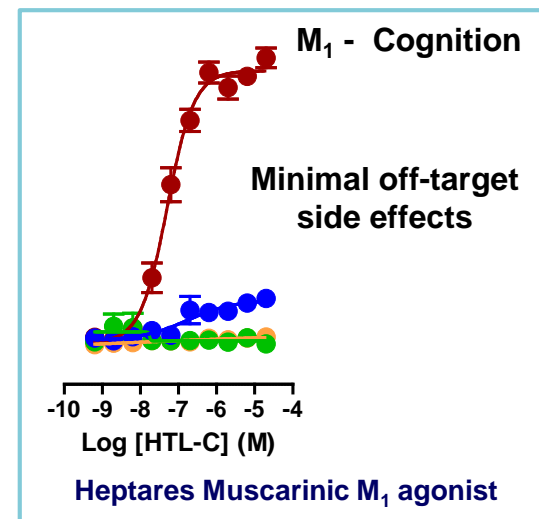
➤ **M₄ agonists – Psychosis and behavioural disturbance**

- Potential in SZ and Alzheimer's disease
- Highly selective for M₄, optimised pharmacology
- In preclinical stage; first clinical studies being planned

➤ **Dual M₁/M₄ agonists – Cognitive impairment & Psychosis**

- In preclinical stage; first clinical studies being planned

➤ **Addresses high unmet medical needs in AD and SZ**



Significant subsequent events

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

- Allergan receives exclusive rights to develop and commercialize broad clinical and preclinical portfolio of M1, M4 and dual M1/M4 agonists for the treatment of major neurological diseases including Alzheimer's disease
- Heptares will receive upfront payment of USD \$125m, milestone payments of up to approximately \$665m associated with the successful Ph1, 2 & 3 clinical development and launch of the first three licensed compounds and approximately \$2.5bn associated with achieving certain annual sales. In addition, Heptares is eligible to receive up to double-digit tiered royalties on net sales of all products resulting from the partnership
- Allergan commits up to \$50m to a R&D program to be conducted jointly by Allergan & Heptares, and will be responsible for the development of licensed compounds upon initiation of Ph2b studies and for subsequent manufacturing and commercialization

Adenosine A_{2A} Antagonist in cancer immunotherapy

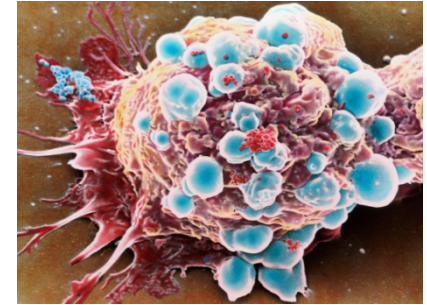
➤ Breakthrough in cancer immunotherapy

- HTL1071 – a novel adenosine A_{2A} antagonist optimised for cancer indications, plus other compounds
- \$500m partnership with AstraZeneca (Aug 2015)
- Best in class qualities and has high chance of being first in class for cancer – IND open

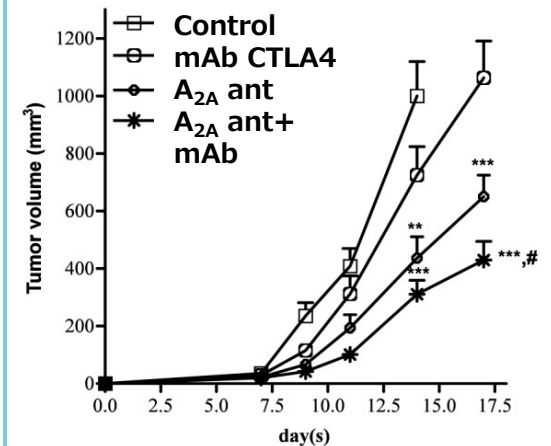
➤ Adenosine production is one of many ways tumour cells evade the immune system

➤ A_{2A} antagonists block action of adenosine on T cells and have potential to increase efficacy of immunotherapies

- Potential to combine with multiple immunotherapy approaches e.g. checkpoint inhibitors, cancer vaccines, CAR-T
- Opportunity in a wide range of tumour types
- Ability to select patients based on biomarkers of elevated adenosine e.g. CD73



T cell killing a cancer cell. Blocking A_{2A} receptors on T cells prevents tumours evading the immune system



A_{2A} antagonists enhance the efficacy of other immunotherapies, e.g. CTLA4 and PD1 mAbs

*Modified from Fig. 1, Ioannone, et al. Am. J. Cancer Res. (2014)

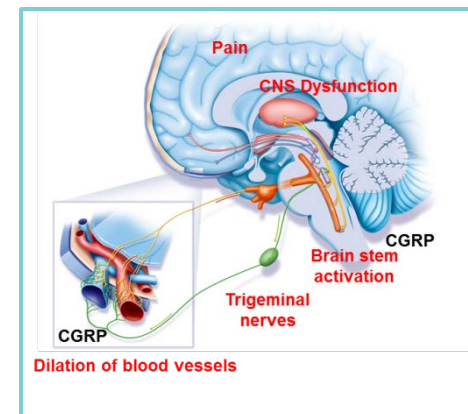
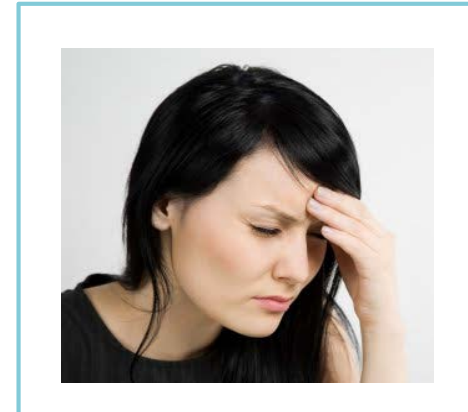
AstraZeneca/Heptares agreement

Aug 2015: Agreement with AstraZeneca to develop cancer treatments

- Sosei will grant AstraZeneca exclusive global rights to develop, manufacture and commercialise the adenosine A_{2A} receptor antagonist, HTL1071, a small molecule immuno-oncology candidate, and potential additional A_{2A} receptor-blocking compounds.
- The companies will also collaborate to discover further A_{2A} receptor-blocking compounds for development in cancer immunotherapy.
- Upfront payment of USD \$10m, potentially more than \$500m in development and sales milestones, and royalties on net sales.

Small Molecule CGRP Antagonists for Migraine

- **Highly potent, small molecule CGRP antagonists**
 - \$410m partnership with Teva (Nov 2015)
 - In preclinical stage; first clinical studies being planned
- **CGRP antagonism is a clinically validated approach in migraine**
 - CGRP antibody programs prevalent in industry
 - Need for well tolerated, higher potency small molecule drug – non-invasive, easily reversible
- **Addressing significant unmet medical needs**
 - Novel modality offers treatment option to larger patient population (incl. triptan-refractory or intolerant, or CV risk)
 - Opportunity to develop agents for prophylaxis, rescue and acute therapy



Teva/Heptares agreement

Nov 2015 : Agreement with Teva to Discover and Develop Novel Small Molecule CGRP Antagonists for Treatment of Migraine

- **Teva will receive exclusive global rights to develop, manufacture and commercialize novel CGRP antagonists.**
- **World-leading clinical and commercial partnership in migraine**
- **Upfront payment of USD \$10m and research funding, potentially up to \$400m in development and commercialization milestones, and royalties on net sales.**

Strategic Drug Discovery Collaboration and Equity Agreement with Pfizer

Nov 2015 : Heptares/Pfizer agreement focused on 10 GPCR targets across multiple therapeutic areas and Sosei/Pfizer KK equity agreement

➤ Strategic Drug Discovery Collaboration

- Heptares will support the discovery of potential novel agents directed to the GPCR targets selected by Pfizer
- Pfizer will be responsible for developing and commercializing any potential therapeutic agents
- Potentially up to \$189m per target in research, development, regulatory and commercializing, and royalties on net sales.

➤ Equity agreement

- Sosei and Pfizer KK have entered into an equity agreement under which Pfizer KK will purchase \$33m of newly issued Sosei common stock at a premium of 25%
- Enhance the relationship with Pfizer and accelerate the delivery of potential new therapies to patients

Growing Royalties from Seebri® and Ultibro®

➤ Seebri®¹ (LAMA; Development code: NVA237)

- Licensed to Novartis in 2005
- Approved in over 80 countries including the EU and Japan
- **Approved in the US October 2015 (Seebri™ Neohaler®¹ administered twice daily)**

➤ Ultibro®¹ (LAMA/LABA; Development code: QVA149)

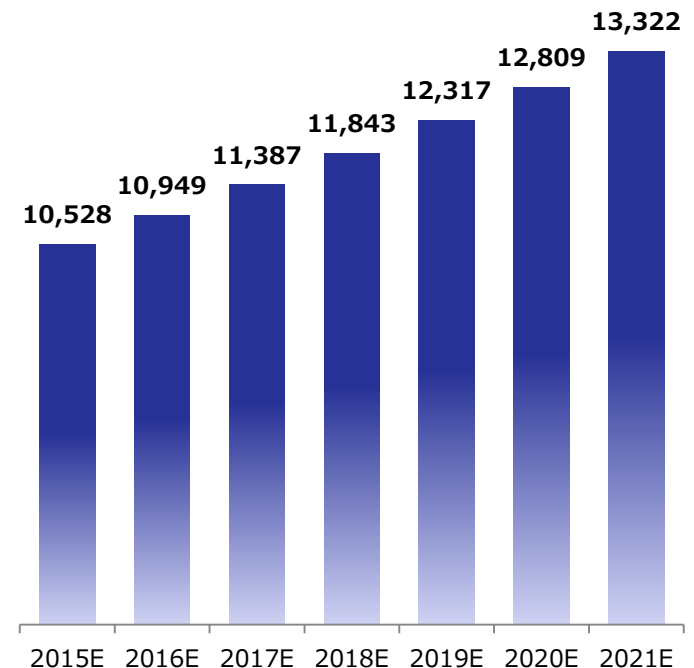
- Approved in over 70 countries including the EU and Japan
- **Approved in the US October 2015 (Utibron™ Neohaler®¹ administered twice daily)**
- Also filed for approval in China

➤ Potential development and sales milestones up to USD 187.5mn²

Approximately 50% of milestones received

COPD market forecast

(USD millions)



Source : Pharmacor

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

² Maximum potential milestones under the terms of agreement with Novartis¥

Royalty Income may Further Increase due to Development of New Asthma Drug QVM149

Asthma

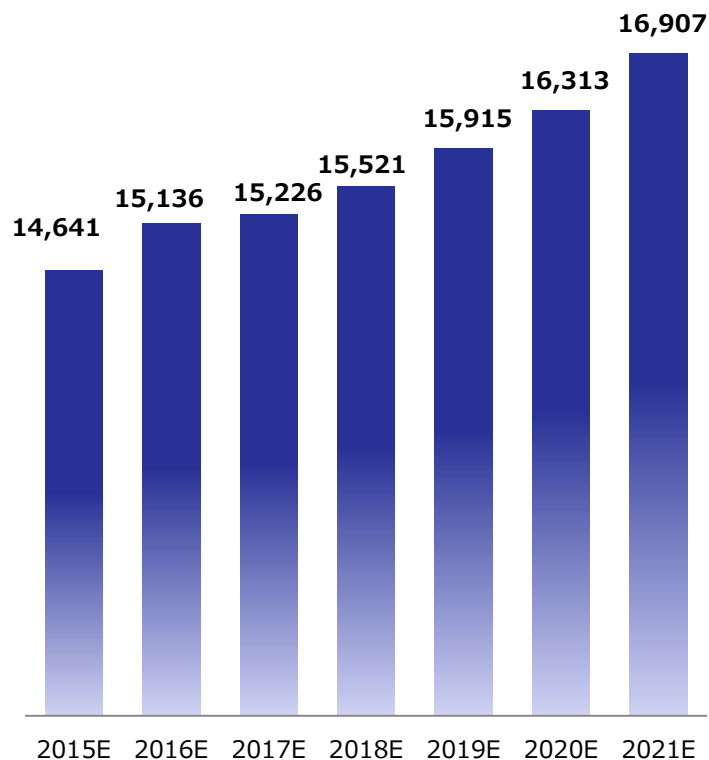
LAMA/LABA/ICS

QVM149

- New inhaled triple therapy for asthma
- Novartis plans to file for approval in 2018
- Milestones (USD 3.75mn received at P3 initiation, filing and approval to follow)
- Royalties









Asthma market forecast

(USD millions)



Source: Datamonitor

Pipeline: Sosei Co.Ltd., Activus, Jitsubo

	Indication	Preclinical	Ph1	Ph2	Ph3	Approval	Launch	
	SO-1105 Oropharyngeal candidiasis						Registered in 24 European countries, the U.S., and Korea	
	JIT2001 Cardiovascular disease						Making use of Jitsubo's Molecular Hiving	
	JIT1007 Orphan disease							
	APP13002 Infectious eye diseases						Making use of Activus Pure Nanoparticle Technology	
	APP13007 Inflammatory eye diseases							

Audit results reported in the consolidated financial statement



Resolution 1

Amendment to the articles of incorporation

Resolution 2

Election of 5 directors:

1. Shinichi Tamura
2. Peter Bains
3. Takuya Fujii
4. Declan Doogan
5. Tomohiro Tohyama

Introduction



Peter BAINS

Representative Executive Officer and
Chief Operating Officer (COO)

Profile

1986 -2009: GlaxoSmithKline

March 1996: General Manager of SmithKline Beecham plc. (GlaxoSmithKline)

January 2001: Senior Vice President, GlaxoSmithKline International Commercial Development

2010 -2016: Syngene International Limited.

January 2010: Board Director and CEO

*Led successful IPO on Mumbai Exchanges in 2015

2010 to date: Sosei Group Corporation

June 2010: Non-executive Director 2010 (to March 2016)

February 2015: Board Director at Heptares

April 2016 COO/CEO-elect

Q & A



Vote



Closing

Shinichi Tamura
Board Director and Representative Executive Officer, CEO

Disclaimer

This presentation contains forward looking statements. 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. Further, 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.

Sosei Strategy

Peter Bains

Representative Executive Officer and Chief Operating Officer (COO)

A Strategic framework

- **Vision & Mission**
- **Operational Priorities**
 - 1) **Organic growth led by Heptares**
 - 2) **Inorganic growth through M&A**
- **Financial Profile and outlook**
- **Business Model Evolution**

Sosei Vision and Mission

Vision

- To become a leading global biopharmaceutical company, anchored in Japan.

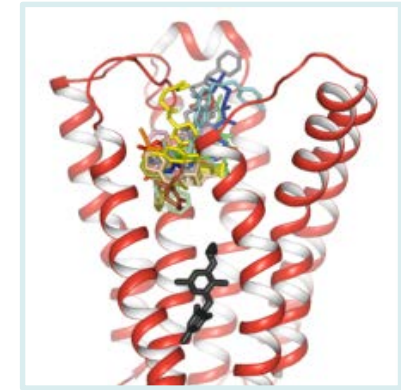
Mission

- To discover, develop and deliver new and innovative medicine
- 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

Operational Priority 1: Organic growth led by Heptares

Structure based drug design and development using Heptares StaR[®] technology is at the centre of Sosei's organic growth and development strategy, we will look to;

- Strengthen our science and technology leadership
- Expand and advance a broader pipeline of novel
- Extend internal development regulatory and commercial capabilities



G protein-coupled receptors (GPCR)



Molecular Hiving[™] & Peptune[™]

Jitsuba

Activus Pure Nano-particle Technology (APNT)



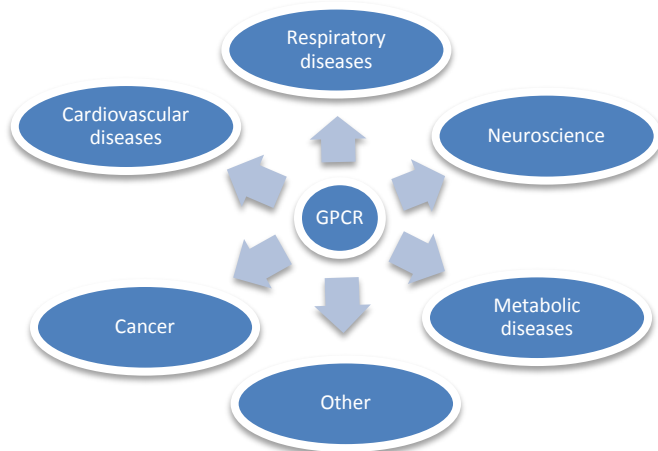
SO-1105

Sosei Co. Ltd.

Heptares Therapeutics Ltd GPCR-targeted Drug Discovery and Development

G Protein-Coupled Receptor (GPCR) Super Family

- **Most important family of drug targets in industry**
 - Seven transmembrane protein with crucial role in many biological processes
 - 375 GPCRs in 3 major subfamilies (Class A, B, C)
 - 225 with known ligands, 150 orphan targets
- **Clinical validation & compelling biology across a wide range of diseases**
- **Source of approx. 40% of approved drugs***



Respiratory diseases	Neuroscience	Cardiovascular diseases
Advair®	Zyprexa®	Opsumit®
Zyrtec®	Abilify®	Diovan®
Breo™ Ellipta™	Seroquel®	Benicar®
Anoro®	Suboxone®	Tracleer®
Seebri®		Zioptan™
Ultibro®	Metabolic diseases	Plavix®
Ventolin® HFA	Belviq®	
Singulair®	Byetta®	
Spiriva®	Myrbetriq®	Cancer
Tudorza® Pressair®	Signifor®	Erivedge®

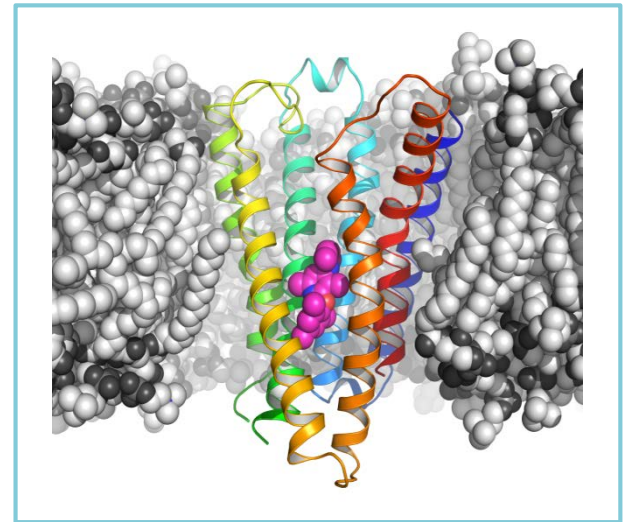
*Product names are trademarks of their respective owners

Major Opportunity Targeting GPCRs

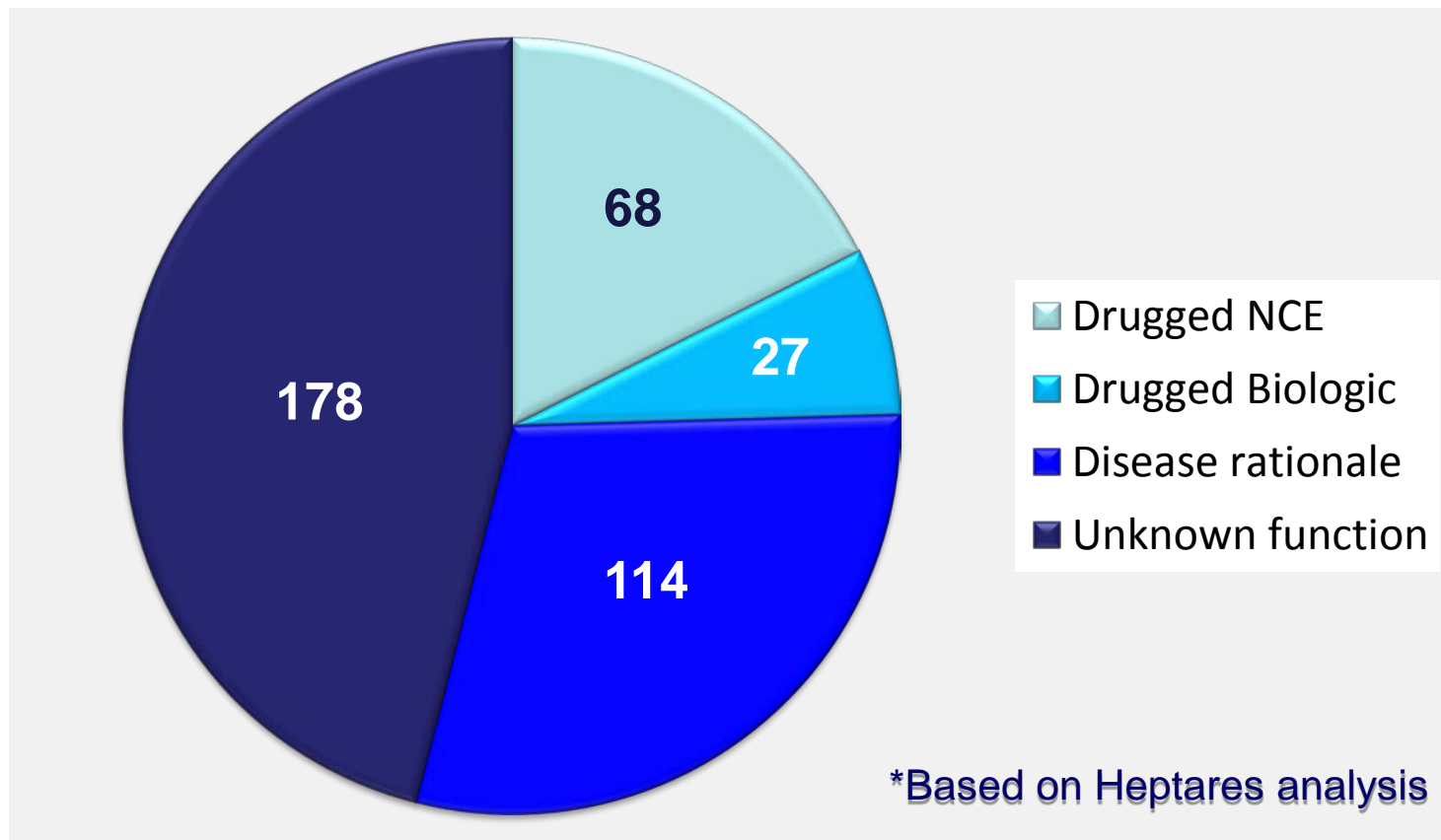
- **GPCRs are not optimally drugged**
 - Limited potency and selectivity
 - Metabolic and safety liabilities
 - Inadequate route of administration

 - **Many high-value targets remain untapped or intractable**
 - First-in-class and superior medicines required
 - Dynamic area with new biology constantly emerging
 - Small molecules and biologics

 - **GPCRs inaccessible to many conventional discovery approaches**
 - Native GPCR spans cell membrane – highly unstable when removed
- ➔ **Stable GPCRs and 3D structures are the key to unlocking GPCR discovery**



GPCRome



Rich, Deep and Dynamic Pipeline

 NOVARTIS

 Allergan

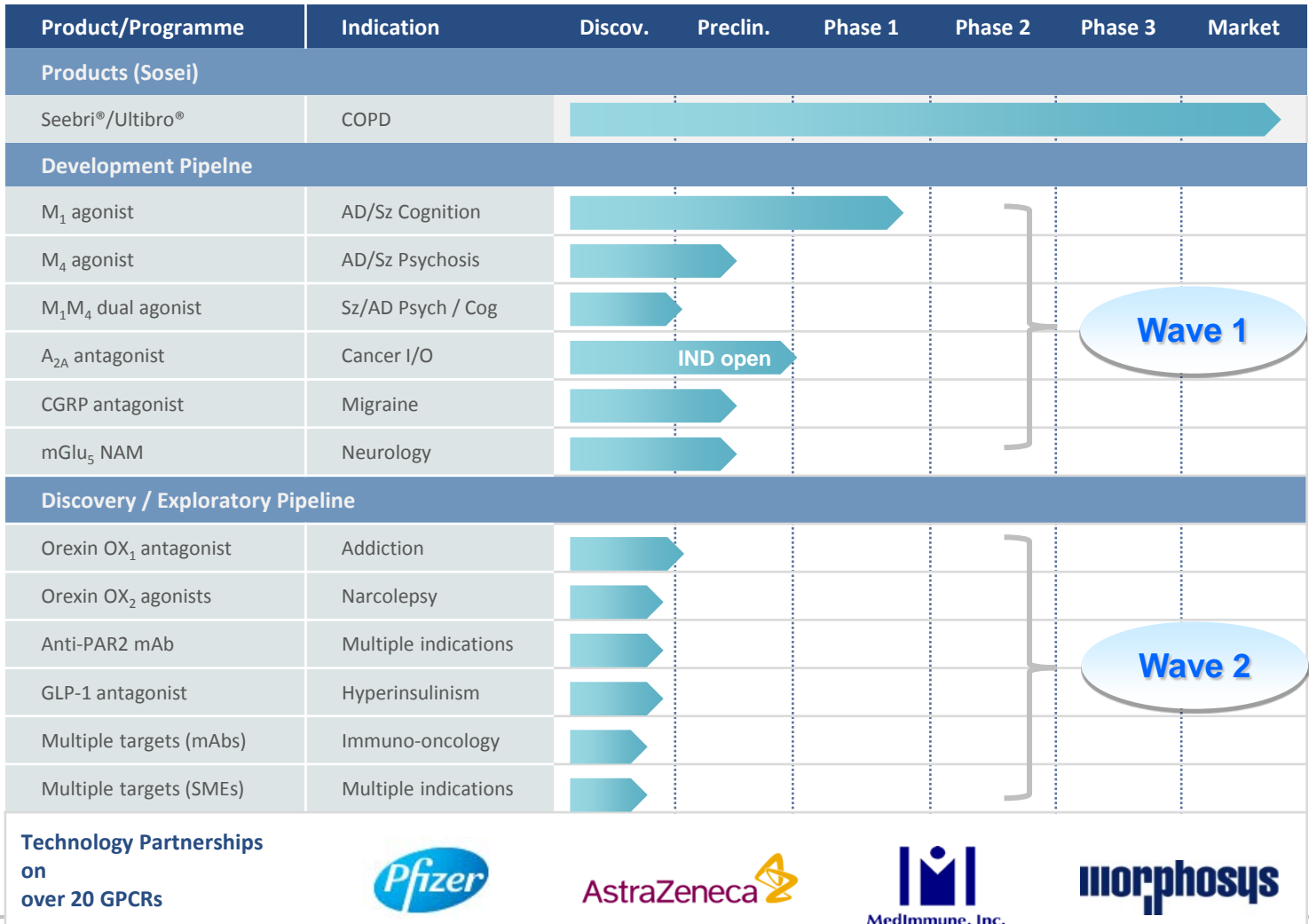
 Allergan

 Allergan

 AstraZeneca

 TEVA

 kymab



Wave 1

Wave 2



Operational Priority 2: Inorganic growth through M&A

Targeted M&A and in-licensing remains important part of inorganic growth strategy

STRENGTHEN drug discovery, development and commercialisation capabilities, and pipeline

COMPLEMENT existing technologies and functions

ACCELERATE delivery of vision (e.g. selective in-licensing of later stage candidates)



**Effective strategy
delivery**

Financial Profile and Outlook

- **Strong financial profile and long-term revenue horizon**
 - Milestone and royalty revenues received from licensed COPD products (Novartis)
 - >\$175m generated in equity, upfront and milestone payments from Heptares partners
 - Strong and flexible balance sheet – well-placed to access equity capital or debt markets

- **Longer term revenue outlook**
 - Novartis – continued milestones plus royalties from Seebri, Ultibro and potentially QVM149 triple in asthma
 - Current Heptares partnerships - potential to generate up to \$6.5b in future milestones, plus royalties
 - Future revenues from proprietary and partnered pipeline

Sosei is a rapidly growing organization with the ambition to become a global biopharmaceutical company with >\$10 billion valuation

Business Model

Building a leading global biopharmaceutical Company

- Develop multiple and sustainable revenue streams beyond COPD product royalties
- Mixed model of proprietary and partnered pipeline
- Balanced model of organic and inorganic growth

>USD10bn

~USD3bn

- COPD product royalties
- Pipeline partnership
- Technology deals
- Emerging 'next-wave' pipeline

SHORT-TERM

- Pipeline partnerships
- COPD product royalties
- Technology deals
- Proprietary pipeline advance
- Platform enhancement
- Corporate development

MID-TERM

- Own product commercialization
- New product royalties
- Pipeline partnerships
- Technology deals
- Platform enhancement
- Corporate development

LONG-TERM