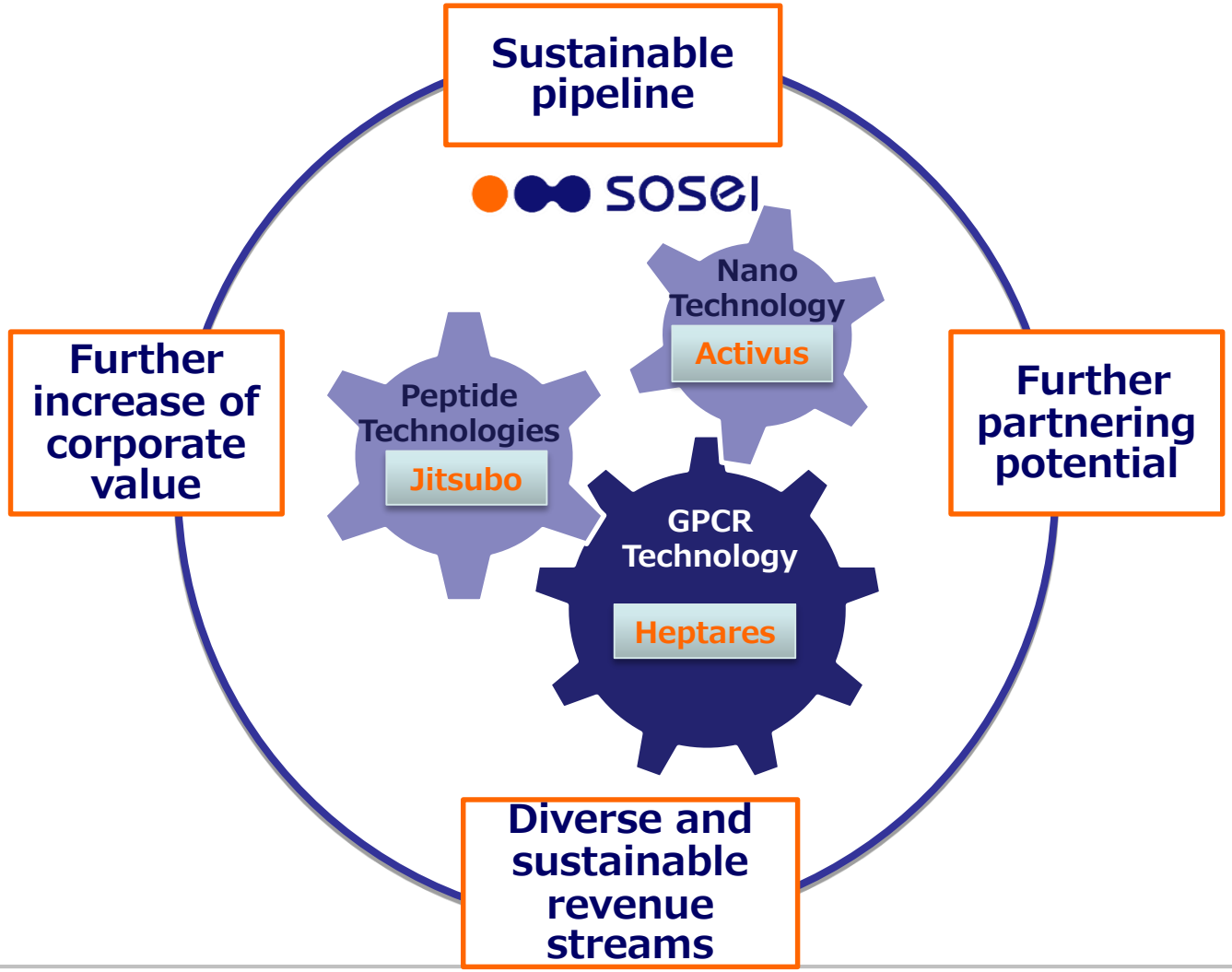
Sosei Group Corporation

Q2 FY2015 Results
Conference Call

12 November 2015

www.sosei.com

Platform Technologies Driving Sustainable Growth



Financial Highlights (Q2 FY2015)

Products & Pipeline

Future Strategy

Consolidated Results for Q2 FY2015 (IFRS)

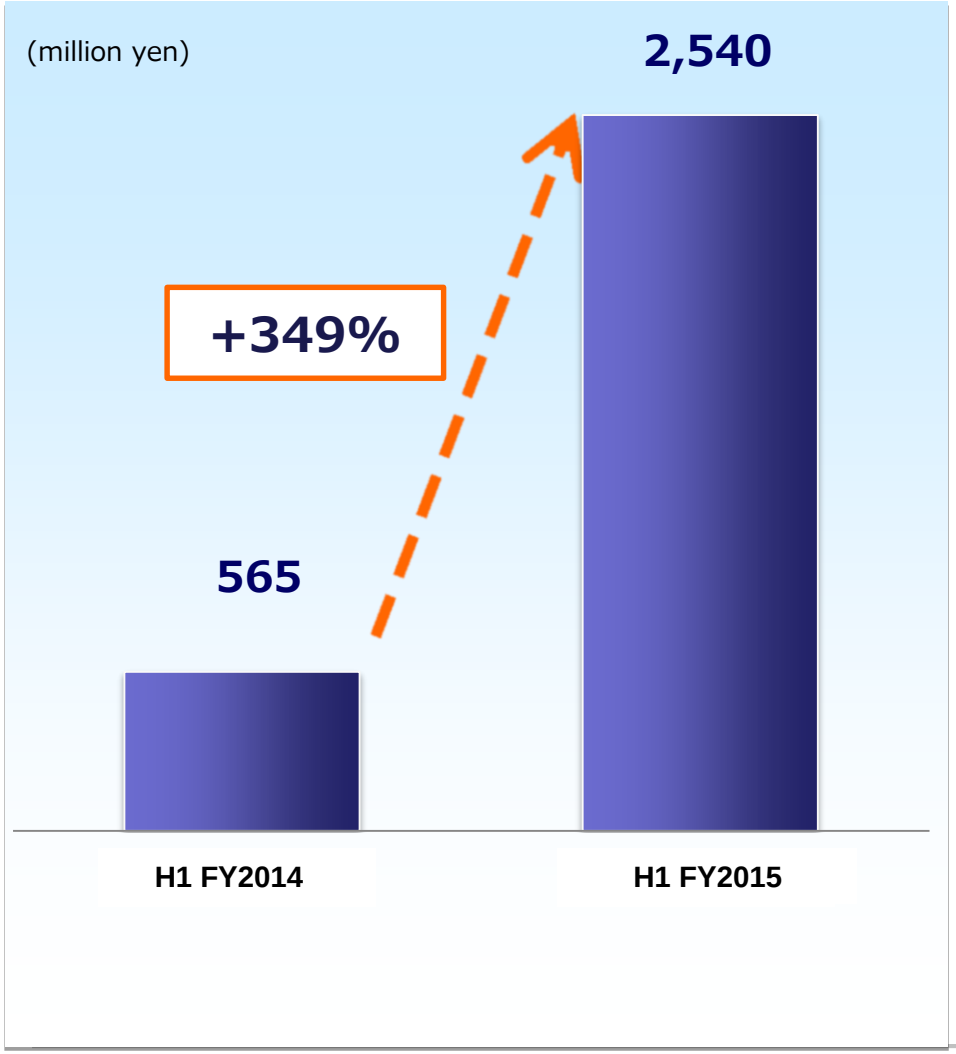
(million yen)

	H1 2014	H1 2015	Change (%)
Revenue	565	2,540	349.2%
Gross profit	519	2,540	389.4%
R&D expenses	140	1,896	1,254.2%
SG&A expenses	465	1,024	120.2%
Operating income (loss)	(85)	(337)	—
Net income (loss)	28	(842)	—
Net income attributable to owners of the parent company	28	(795)	—

(million yen)

	FY 2015	H1 2015	Change
Cash and cash equivalents	5,573	5,522	(51)

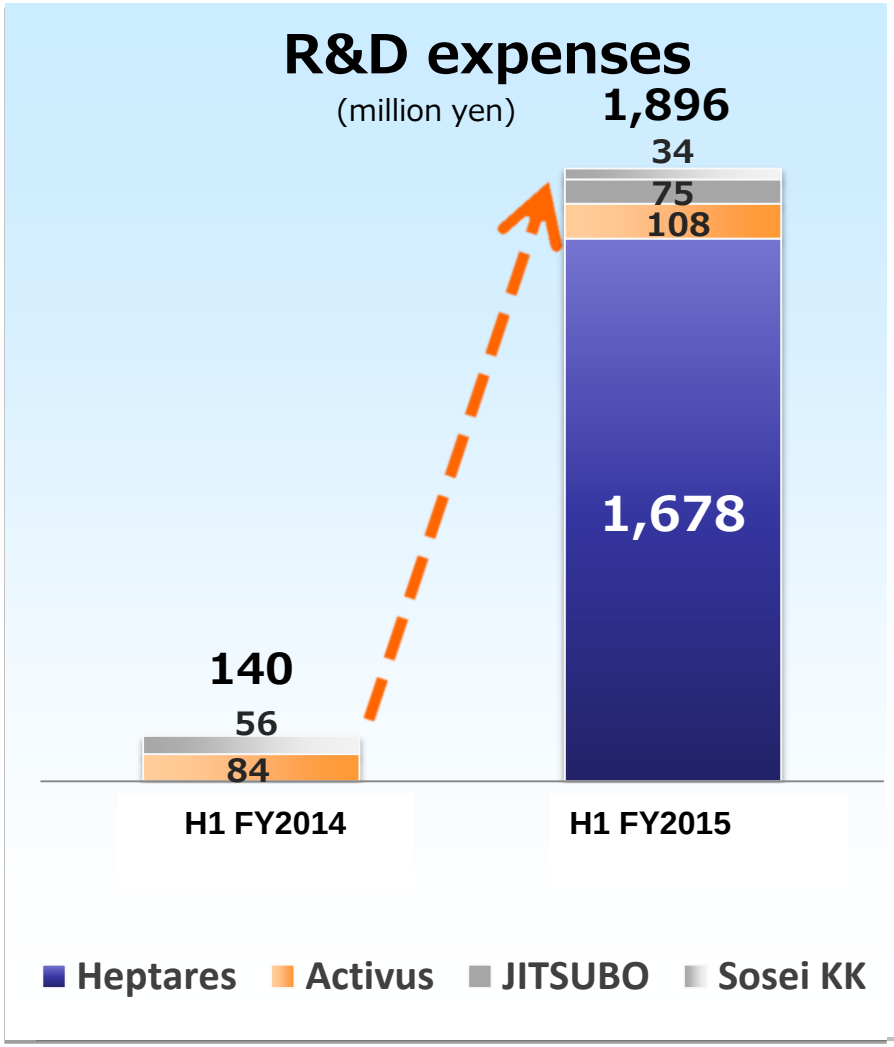
Revenue

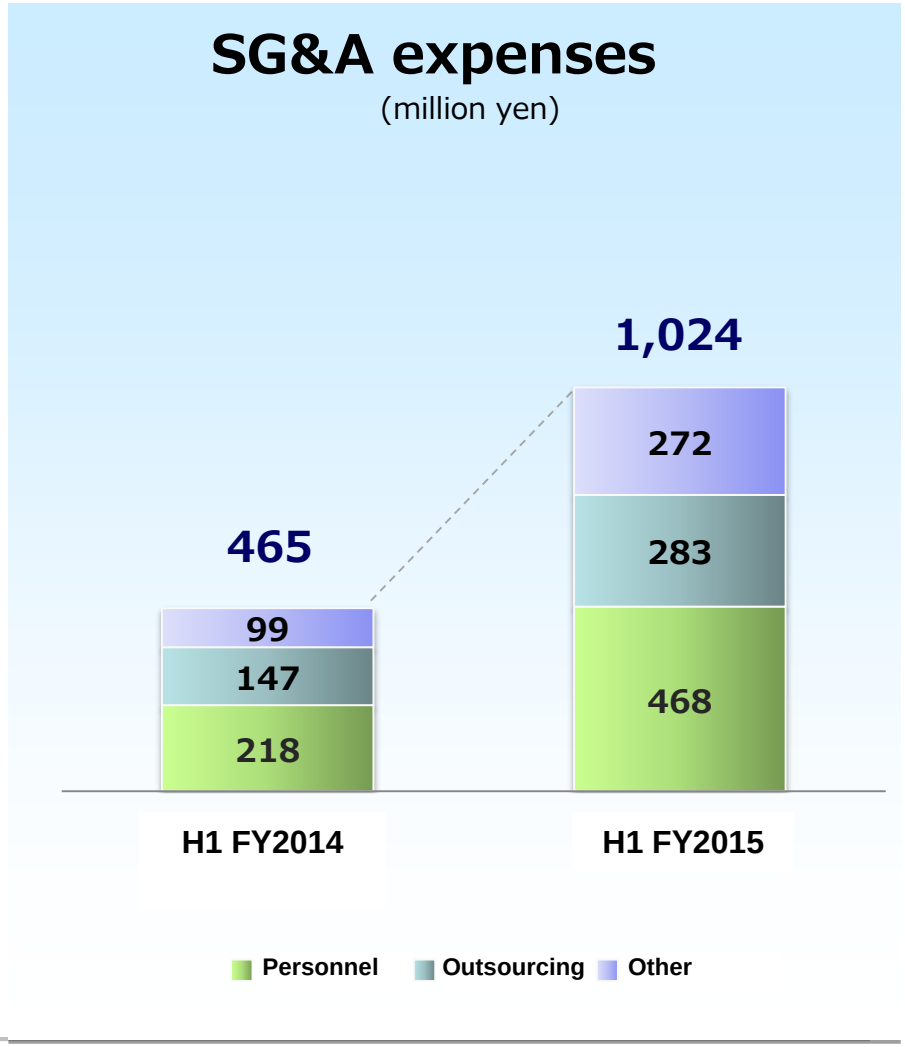


- **349% increase in revenue relative to the comparative period of the last financial year**
  - **Strong growth of Seebri® and Ultibro® in the first half of the year has brought an increase in royalties**
  - **An upfront payment of USD 10 million received from AstraZeneca for A_{2A} receptor antagonist**
  - **Royalties from NorLevo etc.**

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

R&D Expenses and SG&A Expenses





FY2015 Financial Forecast

(million yen)

	FY2014 (actual)	FY2015 (budget)
Revenue	3,671	11,732
Operating income	1,108	5,899
Income before tax	1,366	5,915
Net income attributable to owners of the parent company	568	6,047
R&D expenses	558	4,003
SG&A expenses	1,945	1,824

Revenue

- Seebri and Ultibro US approval milestones, and royalties
- Initial payments and milestones related to Heptares product candidates

R&D expenses

- Increase investment in development of high-potential products

Financial Highlights (Q2 FY2015)

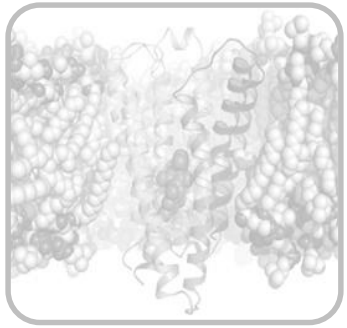
Products & Pipeline

Future Strategy

R&D Highlights

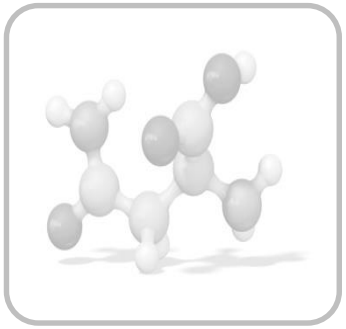
COPD

- ✓ **UTIBRON™ and SEEBRI™, licensed to Novartis, approved in the US**
- ✓ **Possible increased royalties from development of QVM149 as a new treatment for asthma**



GPCR structure-based drug discovery platform

- ✓ Progress of key pipeline programmes
- ✓ Out-licensing development candidates
- ✓ Antibody discovery
- ✓ Grant acquisition



Novel peptide platform technology

- ✓ JIT-1007 Initiation of preclinical study

Stable Royalties from Seebri® and Ultibro®

➢ Seebri®[1] (LAMA; Development code: NVA237)

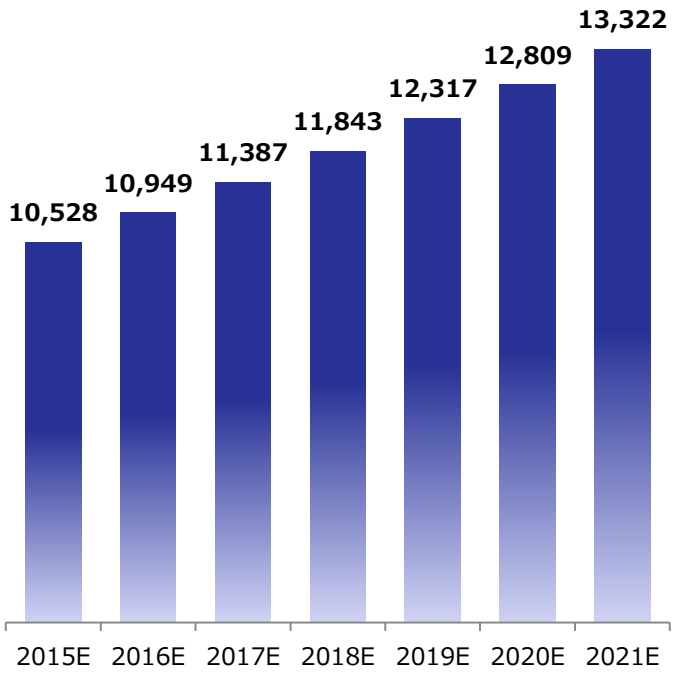
- Licensed to Novartis in 2005
- Approved in over 80 countries including the EU and Japan
- Approved in the US October 2015 (Seebri™ Neohaler®[1] administered twice daily)

➢ 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

COPD market forecast

(USD millions)



Source： Pharmacor

➢ Potential Development and sales milestones maximum total USD 187.5mn[2]

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

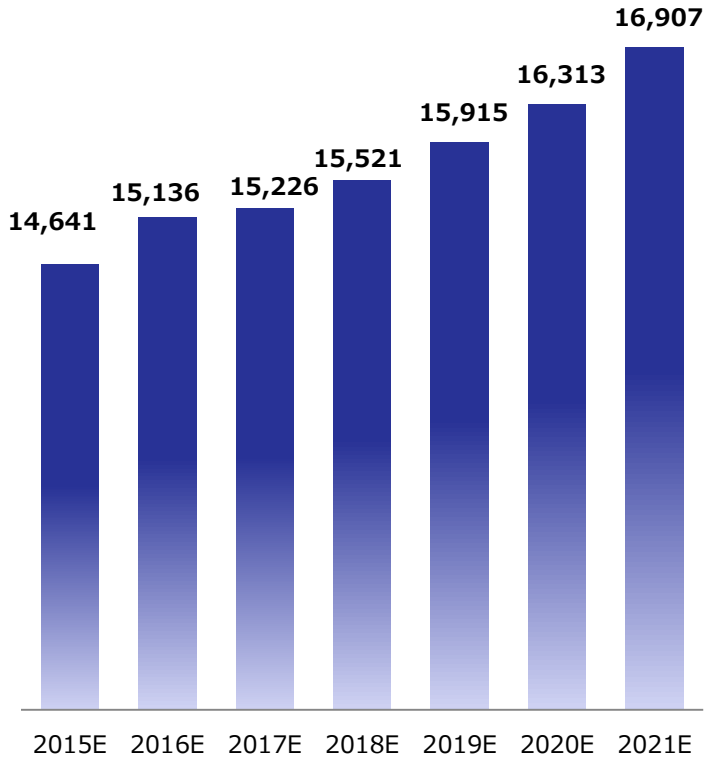
LAMA/LABA/ICS

QVM149

- New inhaled triple therapy for asthma
- Novartis plans to file for approval in 2018
- Milestones (upon P3 initiation, filing, and approval)
- Royalties

Asthma market forecast

(USD millions)

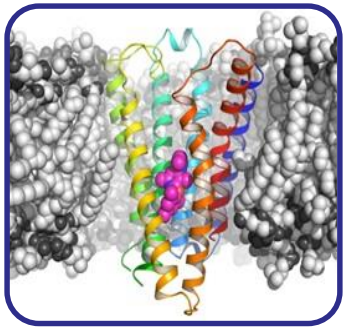


Source: Datamonitor

R&D Highlights

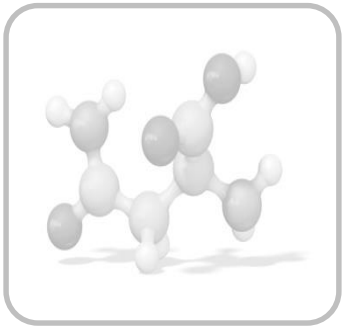
COPD

- ✓ UTIBRON™ and SEEBRI™, licensed to Novartis, approved in the US
- ✓ Possible increased royalties from development of QVM149 as a new treatment for asthma



GPCR structure-based drug discovery platform

- ✓ **Progress of key pipeline programmes**
- ✓ **Out-licensing development candidates**
- ✓ **Antibody discovery**
- ✓ **Grant acquisition**



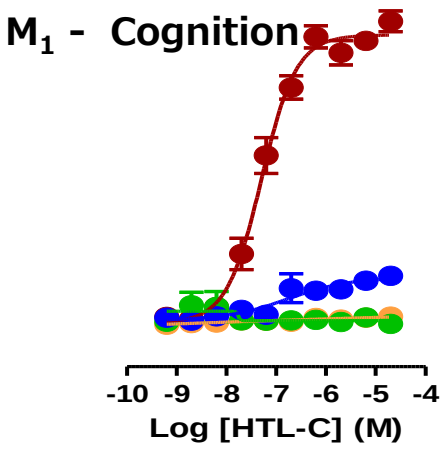
Novel peptide platform technology

- ✓ JIT-1007 Initiation of preclinical study

M_1 Agonist: Positive Outcome of PhIa Study

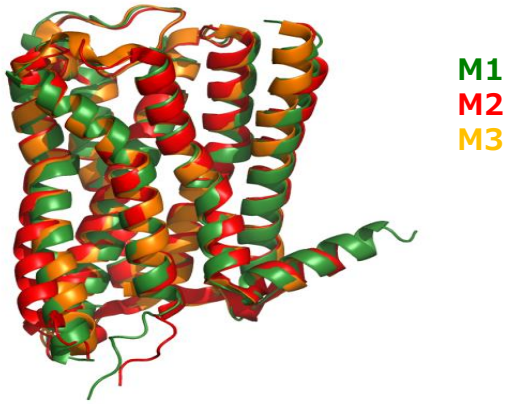
- **M_1 agonists – Cognitive impairment in AD and SZ**
  - **HTL9936 – first-in-class oral agent**
  - **Phase 1a completed (84 healthy volunteers)**
  - **Confirmed safety, tolerability, PK**
  - **Increased brain activity without AEs linked to M_2/M_3 binding**

Heptares Muscarinic M_1 agonist



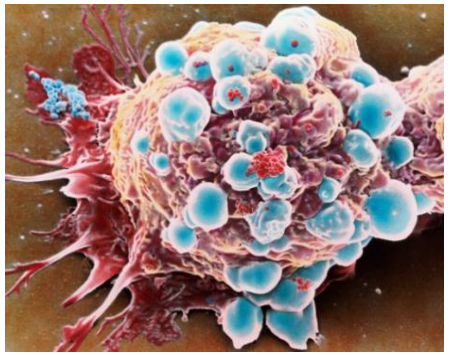
Minimal off-target side effects

Unique SBDD approach



Successfully Licensed A_{2A} Receptor Antagonist to Global Big Pharma

- **Entered the agreement with AstraZeneca to develop immuno-oncology treatments for a range of cancers**
  - **AstraZeneca acquired exclusive global rights to develop, manufacture and commercialise the adenosine A_{2A} receptor antagonist, HTL-1071, 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**



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

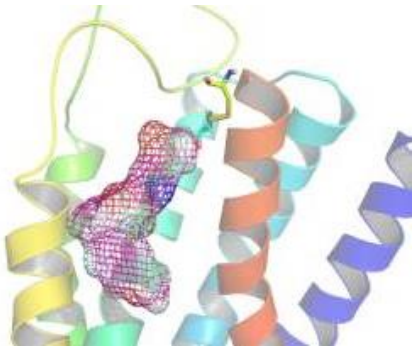
- **Heptares received an upfront payment of USD 10mn, and is also eligible to receive development and commercialization milestones of more than USD 500mn, as well as royalties on net sales**

Grant from US NIDA to Develop OX_1 Antagonists

- **Selective Orexin1 (OX_1) antagonist in development as first-in-class treatment for addition and first treatment for compulsive disorders**
  - **Potential to achieve first-in-class position with high efficacy and selectivity**
  - **Novel GPCR mechanism to directly inhibit craving and relapse in addiction (e.g. cocaine, nicotine, alcohol, Rx drugs)**
  - **Derived by Heptares using unique information from crystal structures of Ox_1 and OX_2 receptors**
  - **First treatment for various compulsive disorders (binge eating, gambling)**
- **High unmet medical need for agents that are not replacement therapies**
  - **High relapse rate with current therapies**

- **The USD 5.5mn grant will support a research project aimed at developing a selective antagonist for the human OX_1 receptor for use in treating cocaine addiction and dependence**

Orexin pathway regulates arousal, reward and motivated behaviours that underlie addiction and craving



OX_1 structure with novel Heptares lead agent

StaR® Technology for Antibody Discovery

- **Antibody development program commenced in July 2015. The program, arising from alliance signed with MorphoSys in 2013, is aimed at developing therapeutic antibodies.**
  - **Possible wide-ranging applications of StaR® technology to biopharmaceuticals, not just small molecule compounds**
  - **Expected to further strengthen Heptares' pipeline**

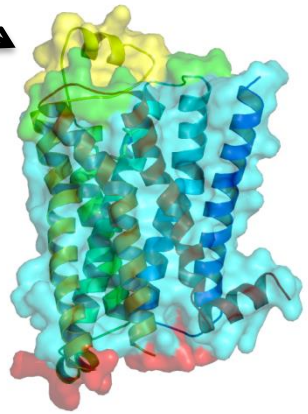
Antibody Partners

MedImmune, Inc.

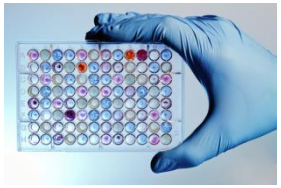
morphosys

Unique Structural Insights

mAb epitope



Broad Utility in Ab Discovery



In vitro eg Phage screening

In vivo immunisation

The Heptares Pipeline

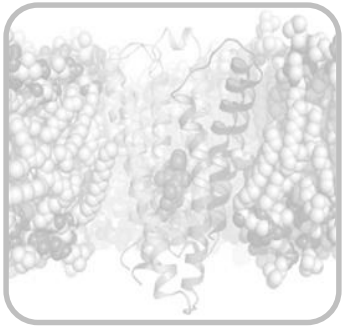
	Programme	Indication	Discovery	Preclinical	Phase 1	Phase 2	Partner
Heptares targets	M_1 agonist	AD/Sz Cognition					AstraZeneca
	M_4 agonist	Sz/AD Psychosis					
	M_1M_4 dual agonist	Sz/AD Psych / Cog					
	A_{2A} antagonist	Cancer immunotherapy		IND open			
	CGRP antagonist	Migraine					
	Orexin OX_1 antagonist	Addiction					
	GLP-1 antagonist	Hyperinsulinism					
	Multiple targets (SMEs)	Multiple indications					
	Multiple targets (mAbs)	Multiple indications					
Technology partnerships	Multiple targets (SMEs)	Multiple indications	Progress confidential				AstraZeneca
	Multiple targets (mAbs)	Multiple indications	Progress confidential				MedImmune, Inc.
	Multiple targets (mAbs)	Multiple indications	Progress confidential				morphosys
	Single target (SMEs)	Acute hospital care	Progress confidential				CUBIST
	Single target (SMEs)	CNS disorders	Progress confidential				Takeda
	Single target (SMEs)	Undisclosed	Progress confidential				NOVARTIS

AD: Alzheimer's disease; Sz: schizophrenia

R&D Highlights

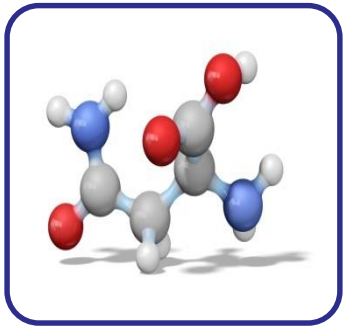
COPD

- ✓ UTIBRON™ and SEEBRI™, licensed to Novartis, approved in the US
- ✓ Possible increased royalties from development of QVM149 as a new treatment for asthma



GPCR structure-based drug discovery platform

- ✓ Progress of key pipeline programmes
- ✓ Out-licensing development candidates
- ✓ Antibody discovery
- ✓ Grant acquisition



Novel peptide platform technology

- ✓ **JIT-1007 Initiation of preclinical study**

Novel Peptide Drug Discovery Technology

- **Development progress on two peptide generics, and JIT-1007 starts pre-clinical studies**

Peptide Generics	Basic research	Development research / Pre-clinical phase	Bio -equivalence trial	Regulatory Submission	Approval
JIT-2001 Cardiovascular diseases					
JIT-1007 Orphan diseases					

- **Development of high-quality peptide at low costs**

  ① A less expensive alternative for patients for whom there has previously been no choice but the originator drug
  ② While steadily progressing these candidates, proactive research continues with the aim of improving drug delivery compared to injected originator drugs, and adding additional peptide products to the pipeline

- **Leveraging the strengths of Molecular Hiving™ and Peptune™ platform technologies, Jitsubo will provide useful choices of pharmaceutical products**

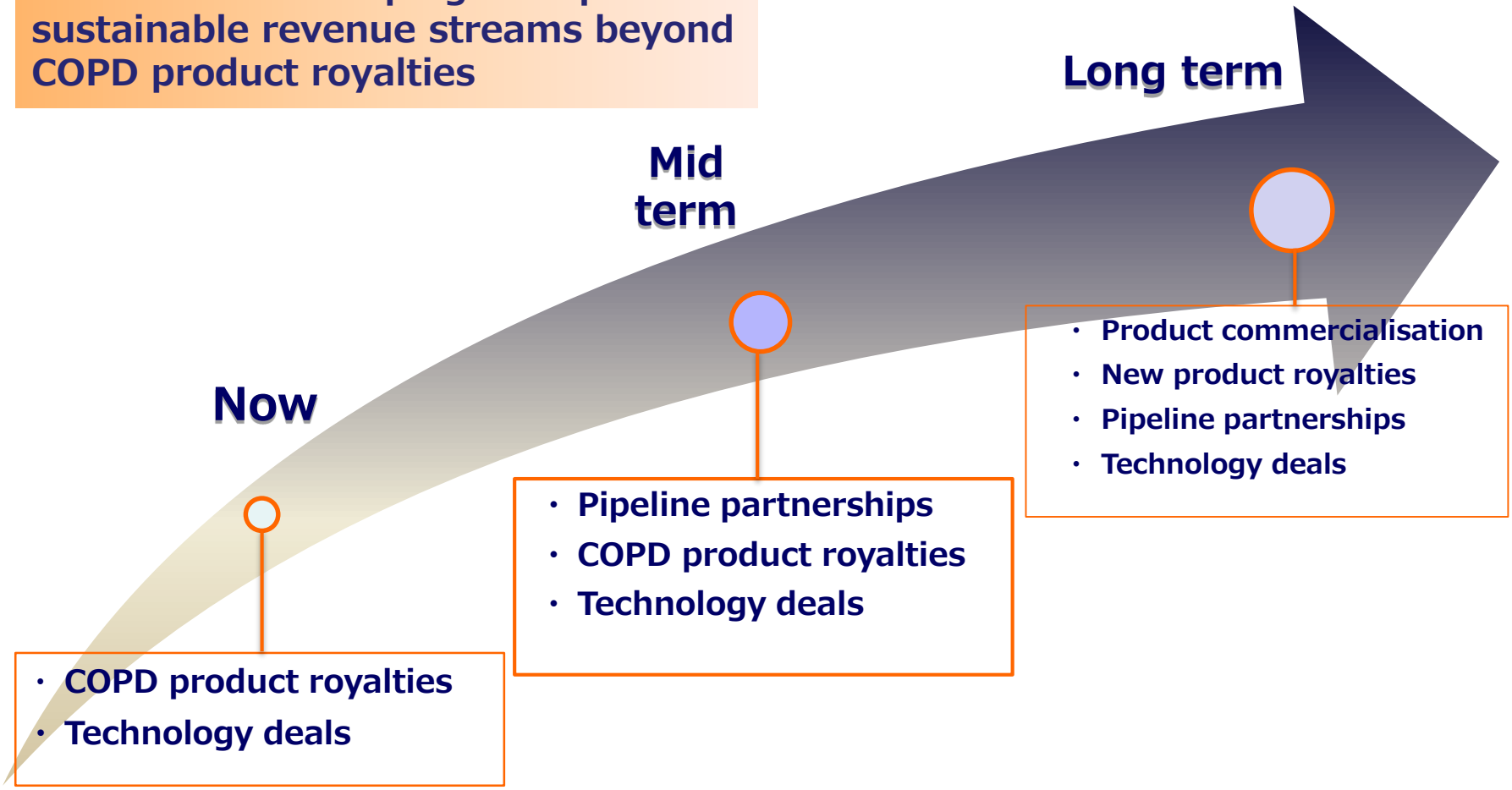
Financial Highlights (Q2 FY2015)

Products & Pipeline

Future Strategy

Future Business Strategy

Focused on developing multiple and sustainable revenue streams beyond COPD product royalties



Q&A

Thank you for your time!

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.