



30th Ordinary General Meeting of Shareholders

Sosei Group Corporation | 第30回定時株主総会

Agenda

- 1 Opening Declaration
- 2 Report on number of voting rights
- 3 Audit Committee Report
- 4 FY2019 Results and Business Report
- 5 Report on Audit Results
- 6 Resolution
- 7 Q&A
- 8 Vote



1

開会宣言

Opening Declaration



2

議決権個数のご報告
Report on the number of
voting rights



3

監査委員会の監査報告

Audit Committee Audit Report



4

2019年12月期の事業報告
連結業績

FY2019 Consolidated Results
Business Report

Summary Financial Highlights

12 months ended 31 December 2019

1

Significantly improved financials in FY2019 – successful execution of corporate strategy

2

Cash Profit of ¥2,802m (\$25.7m) vs. loss of ¥5,704m (\$51.7m) in prior corresponding period¹, due to strong revenue growth and rigorous focus on costs

3

Net Profit before income taxes of ¥534m (\$4.9m) and **Net Profit of ¥1,432m** (\$13.1m), successfully achieving our corporate goal of **profitability** in the Full Year

4

Term loan facilities fully repaid. New ¥5bn (\$45m) commitment line (undrawn) established with Mizuho Bank provides financial flexibility for the future

5

Group will **continue to pursue profitability** in 2020

Strategic focus on our **core competencies in drug discovery and early-stage development** drove significant turnaround in financial performance

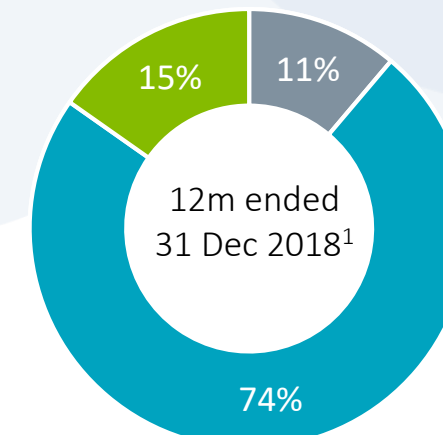
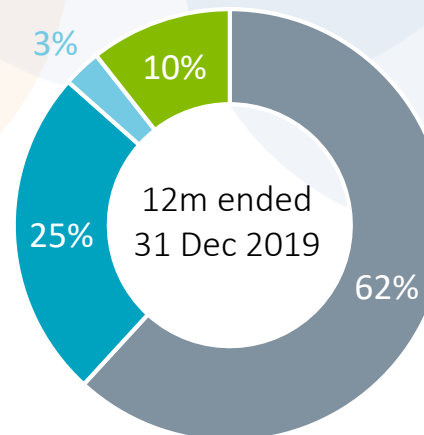
Note: ¹ Proforma comparative period represents the 12 month period ended 31 December 2018 to aid comparability of the same corresponding 12 month period. The statutory comparative period (9 month period ended 31 Dec 2018) is provided in the Appendix. USD:JPY FX rates used – 109.035 (FY2019) and 110.291 (FY2018)

Consolidated Income Statement

Significant upfront/milestone payments and prudent cost management delivers profitability

	JPY million		USD million	
	12m ended 31 Dec 2019	12m ended 31 Dec 2018 ¹	12m ended 31 Dec 2019	12m ended 31 Dec 2018 ¹
↑ Revenue	9,726	3,550	89.2	32.2
Cash Cost of Sales	(851)	(492)	(7.8)	(4.5)
↓ Cash R&D	(3,937)	(6,487)	(36.1)	(58.8)
↓ Cash G&A	(2,164)	(2,479)	(19.8)	(22.5)
Other Cash Income	28	204	0.2	1.9
↑ Cash Profit	2,802	(5,704)	25.7	(51.7)
Non-Cash Costs	(2,418)	(2,228)	(22.2)	(20.2)
Financing Costs	331	(480)	3.0	(4.4)
Equity Accounted Investments	(181)	(635)	(1.7)	(5.8)
↑ Net Profit before Tax	534	(9,046)	4.9	(82.0)
Tax Expense	898	2,128	8.3	19.4
↑ Net Profit	1,432	(6,919)	13.1	(62.7)

Revenue by Type



	12m ended 31 Dec 19		12m ended 31 Dec 18	
■ Milestone	¥6,013m	\$55.1m	¥397m	\$3.6m
■ Royalty	¥2,406m	\$22.1m	¥2,612m	\$23.7m
■ Product Sales	¥276m	\$2.5m	–	–
■ Other	¥1,032m	\$9.5m	¥541m	\$4.9m

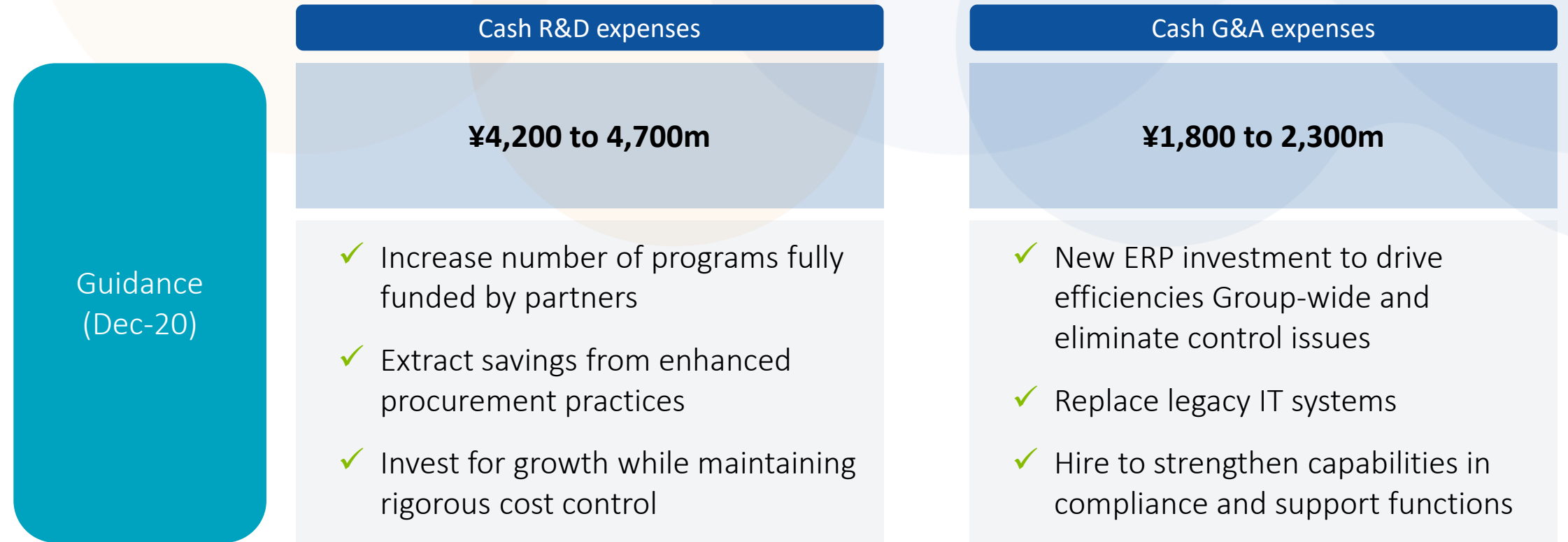
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COVID-19 situation update

- 1 Events and guidance regarding the COVID-19 outbreak continue to change rapidly, and we are monitoring the global situation closely.
- 2 Our priority remains the health and safety of our employees, visitors and patients in our clinical trials. We have been able to enact our contingency plans in Japan and the United Kingdom early and efficiently.
- 3 Where possible, our employees are working remotely or varying site working hours, while scientists have optimized rotas.
- 4 Our operations are focused on business critical work and prioritizing key collaborations.
- 5 We are working closely with our outsource service providers to receive daily updates. Whilst our CRO network is extensive and geographically diversified, delays in clinical development are inevitable in the industry as a whole
- 6 All scheduled and future Business Development meetings will be done virtually.











Unchanged FY2020 Financial Guidance (12m to 31-Dec-20)

Sustainable growth strategy to pursue profitability in 2020



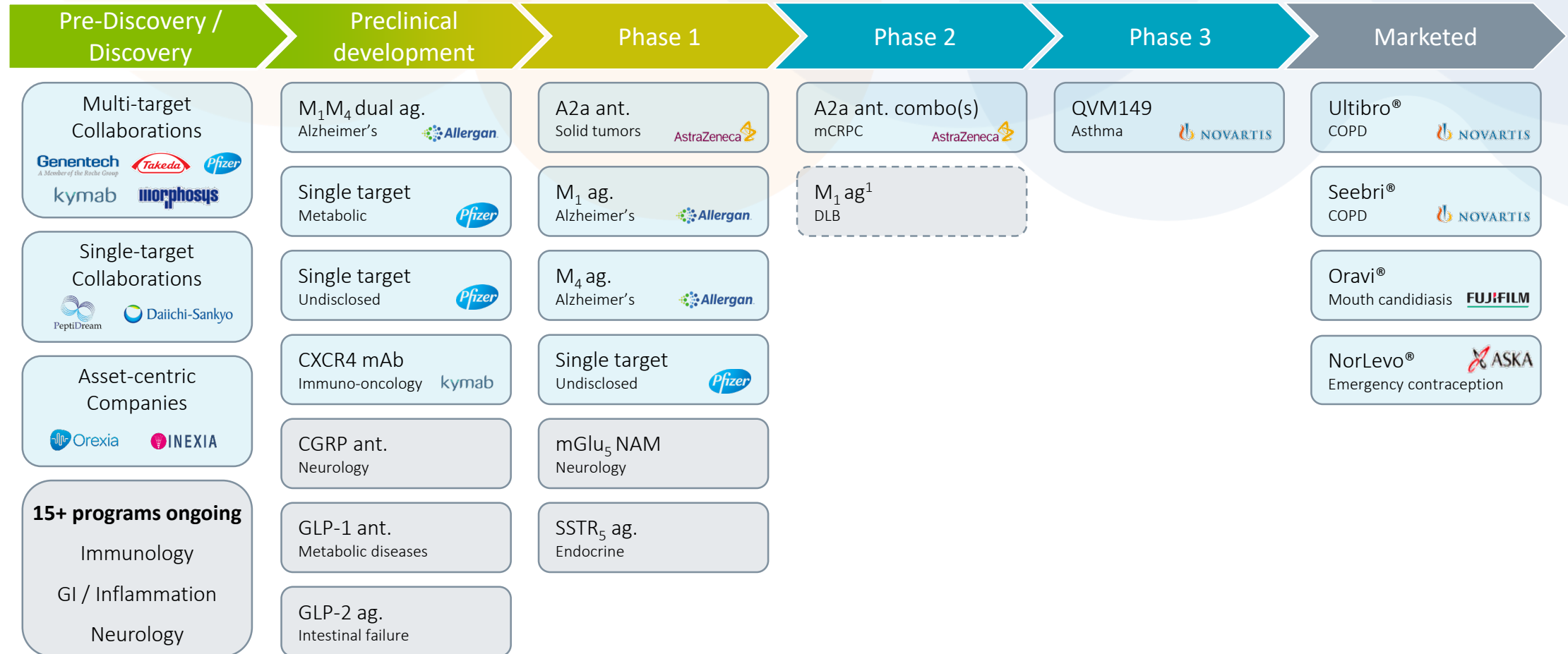
Investing for the future whilst maintaining a focus on costs and extracting efficiencies

We achieved a lot in FY2019

 <p>\$15m milestone Initiation of Phase 2 trials of I/O program in solid tumors <i>January 2019</i></p>	 <p>€40m collaboration Creation of two asset-centric companies with Medicxi <i>February 2019</i></p>	 <p>SSTR5 agonist First subject dosed in Phase 1 study of HTL0030310 <i>February 2019</i></p>	 <p>\$2.5m milestone Submission of QVM149 MAA to the European Medicines Agency <i>May 2019</i></p>	 <p>\$6m milestones (total) Nomination of first two candidates for clinical advancement <i>May / June 2019</i></p>
 <p>\$26m UF/Near term Multi-target research and license agreement, worth potential \$1bn+ <i>July 2019</i></p>	 <p>\$26m UF/Near term Multi-target research and dev. partnership, worth potential \$1.2bn+ <i>August 2019</i></p>	 <p>\$3m milestone Nomination of new GPCR disease target <i>October 2019</i></p>	 <p>\$5m milestone Initiation of Phase 1 trails for first nominated candidate <i>December 2019</i></p>	 <p>\$3m milestone Nomination of third candidate for clinical advancement <i>December 2019</i></p>

■ New Partnership
 ■ Existing Partnership
 ■ In-house Program (to be partnered)

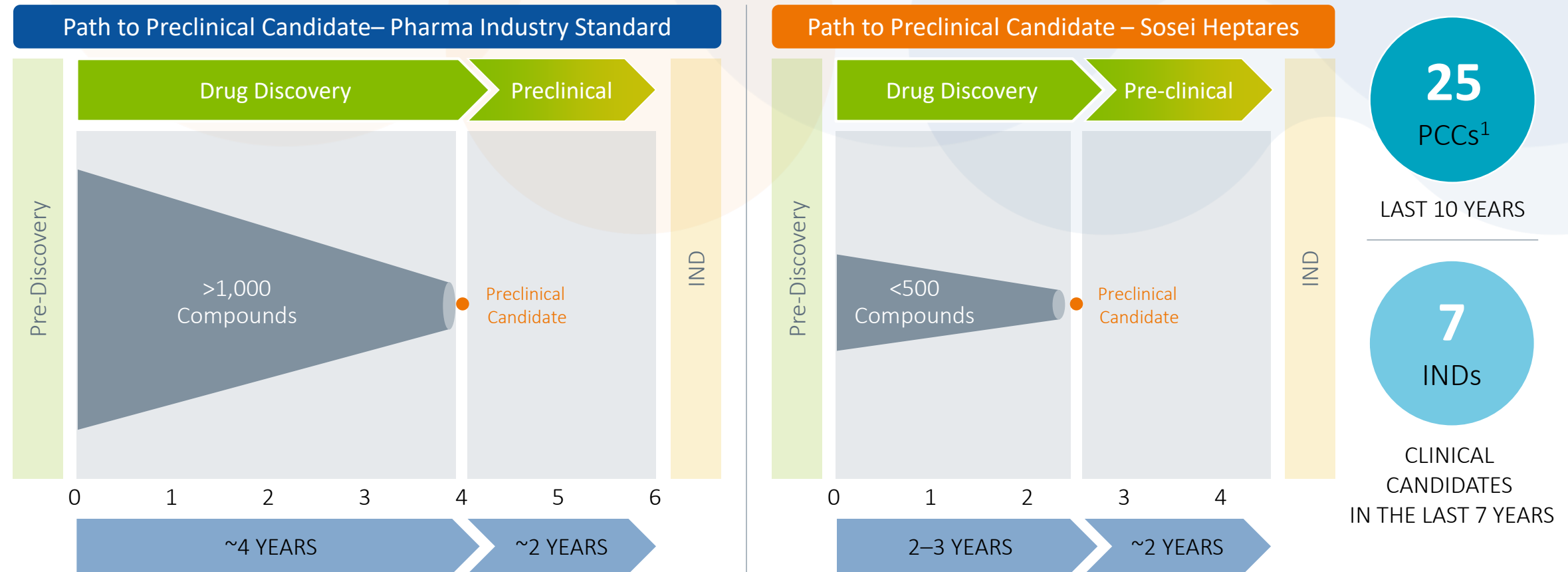
Highly productive drug discovery engine generating next wave of high-value, novel candidates to fuel partnering activity



¹ 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

Quality, not just speed, is what provides an edge in drug discovery

Successful drug discovery is best measured by the number of drug candidates delivered



One of the most productive drug discoverers in the world for our size.
Implementing new tools in 2020 and beyond the further enhance our productivity

Source: Management estimates
Note: PCC is short-hand for Preclinical Candidate

Strategy leverages proprietary technology and core competencies



Extend technology/platform **leadership**



Generate **high quality novel candidates** that are **attractive partnering opportunities**

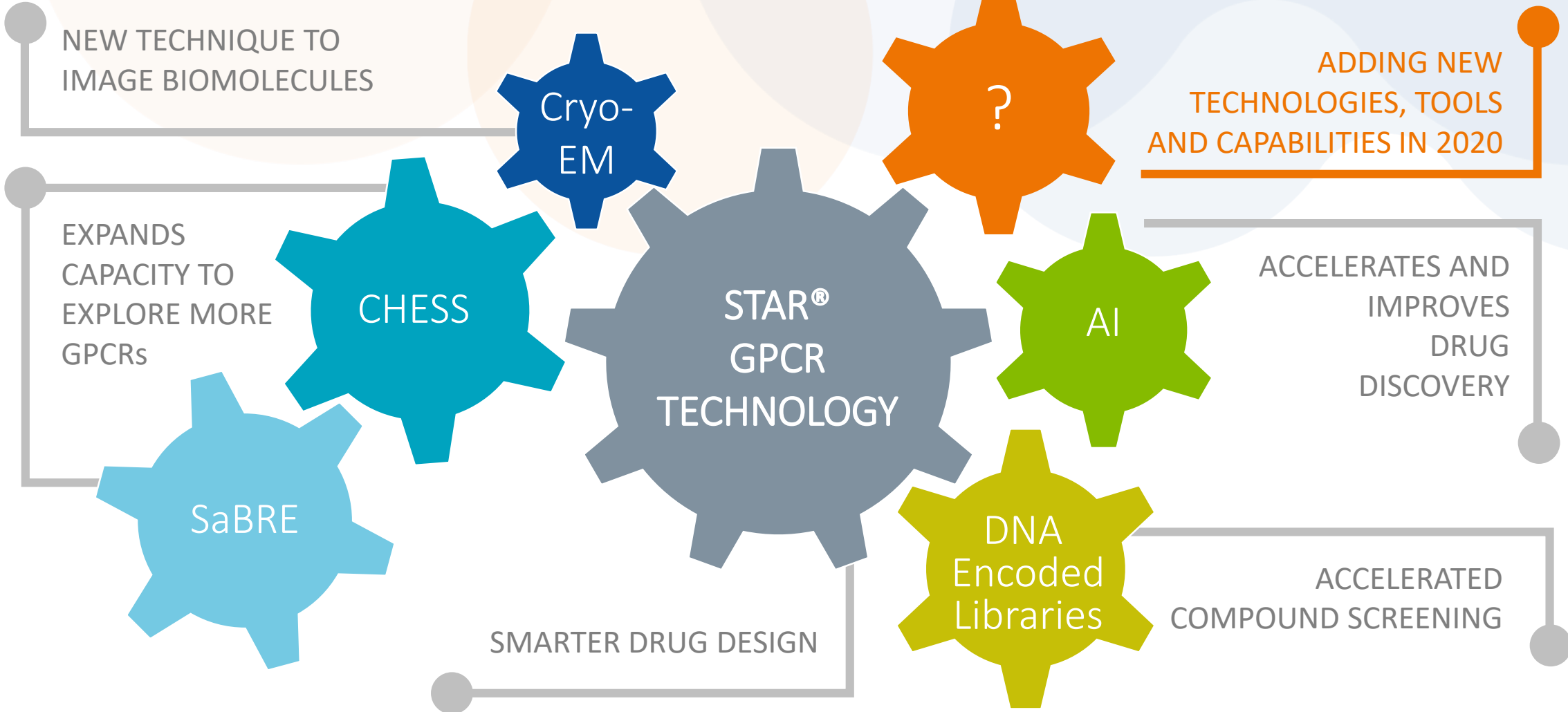


Enhance focus on **high value collaboration or long term ventures**

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

Extend technology/platform leadership

Technology-led discovery engine has revolutionized GPCR-targeted discovery

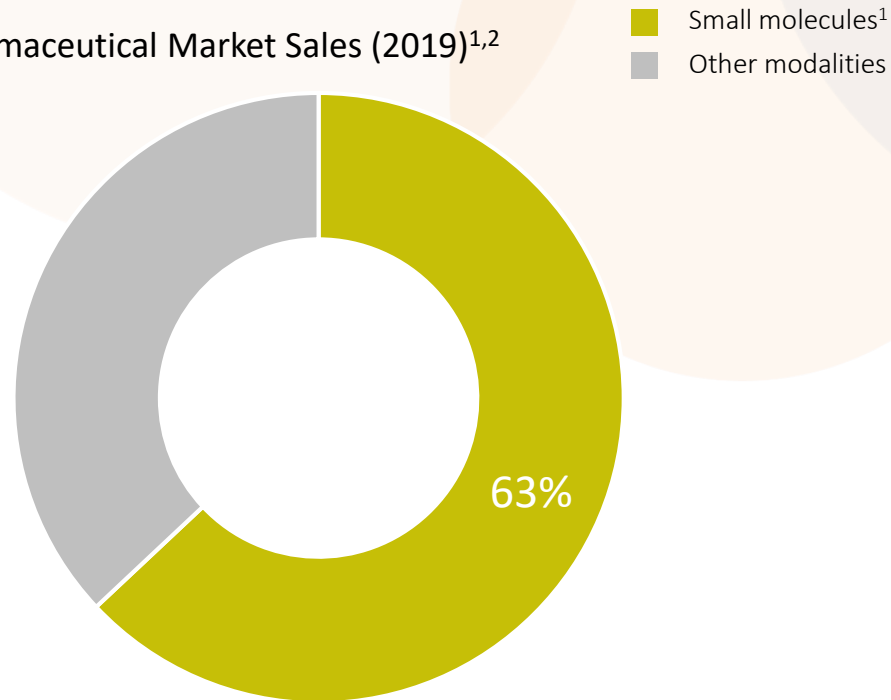


Concentrating our efforts in small molecule discovery

Small molecules remain of great significance for the industry – and patients

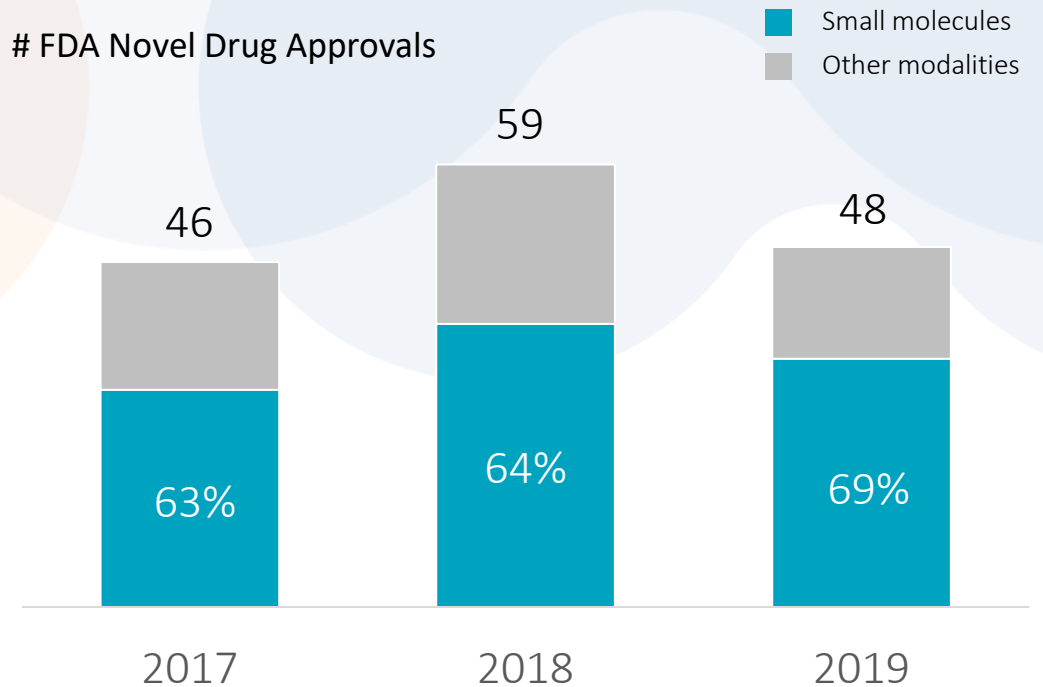


Global Pharmaceutical Market Sales (2019)^{1,2}



63% of global pharmaceutical sales² are generated from small molecules...

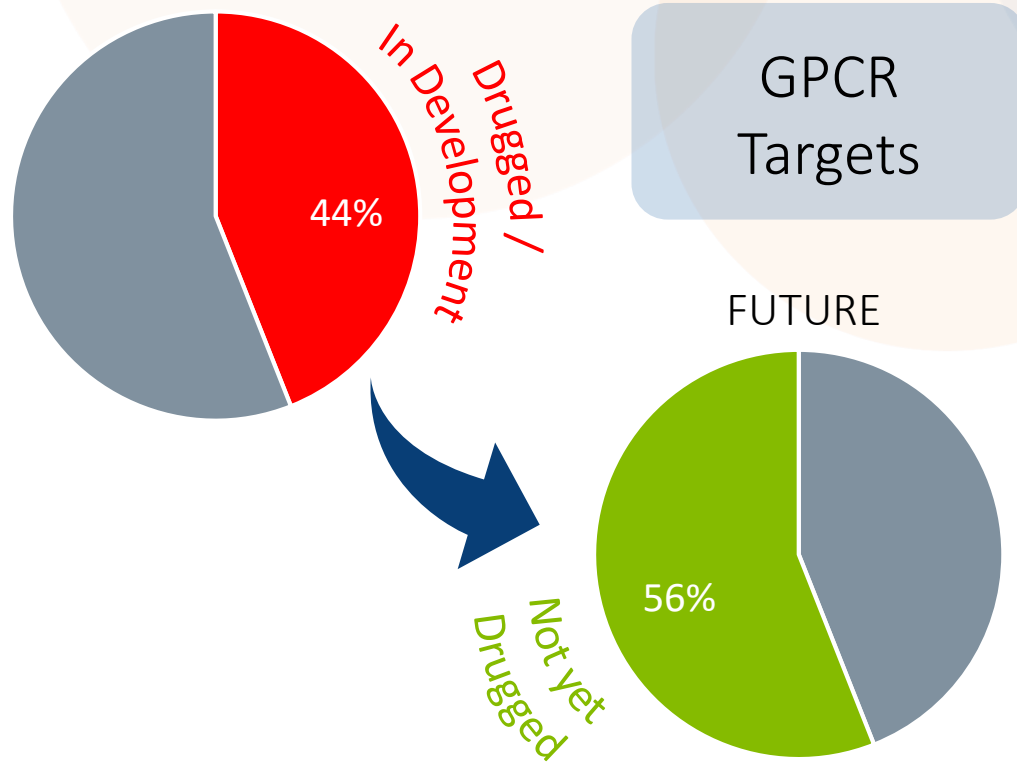
FDA Novel Drug Approvals



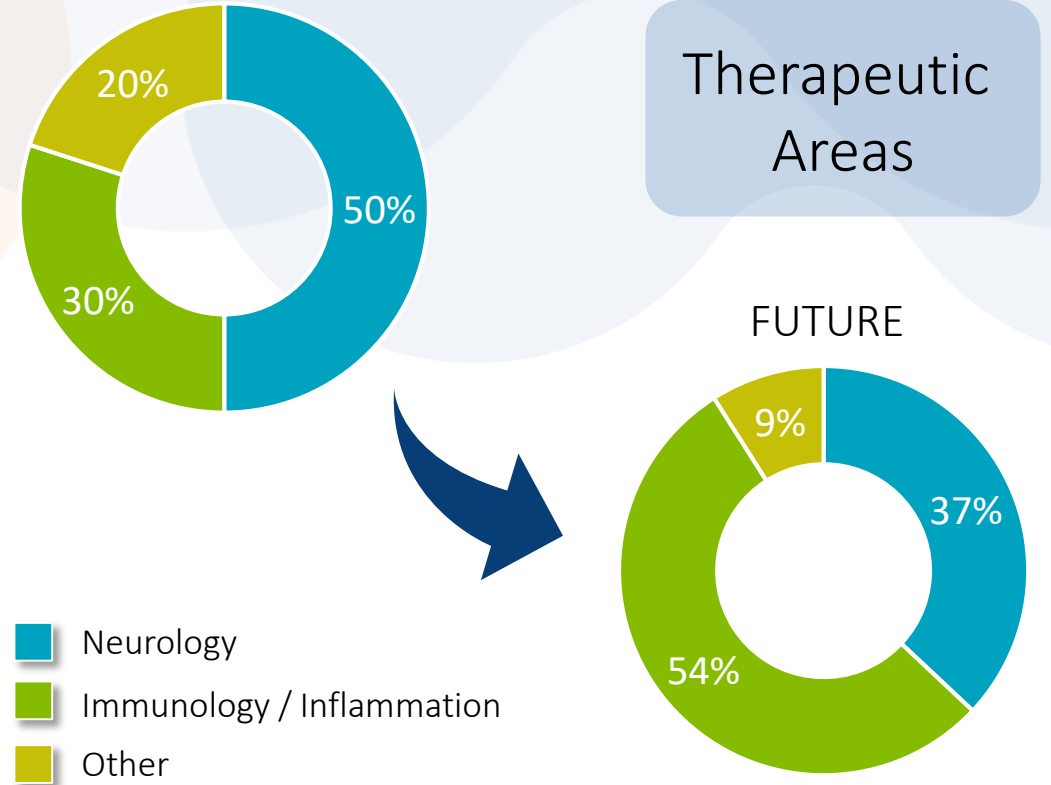
... and continue to represent the majority of new FDA drug approvals every year

Source: EvaluatePharma; US Food and Drug Administration
Note: ¹ Represents total conventional sales. ² Excludes sales not classified by EvaluatePharma

Narrowing focus going forward on novel targets across immunology and inflammation



Significant untapped target opportunity. Confidently going after “high hanging fruit”

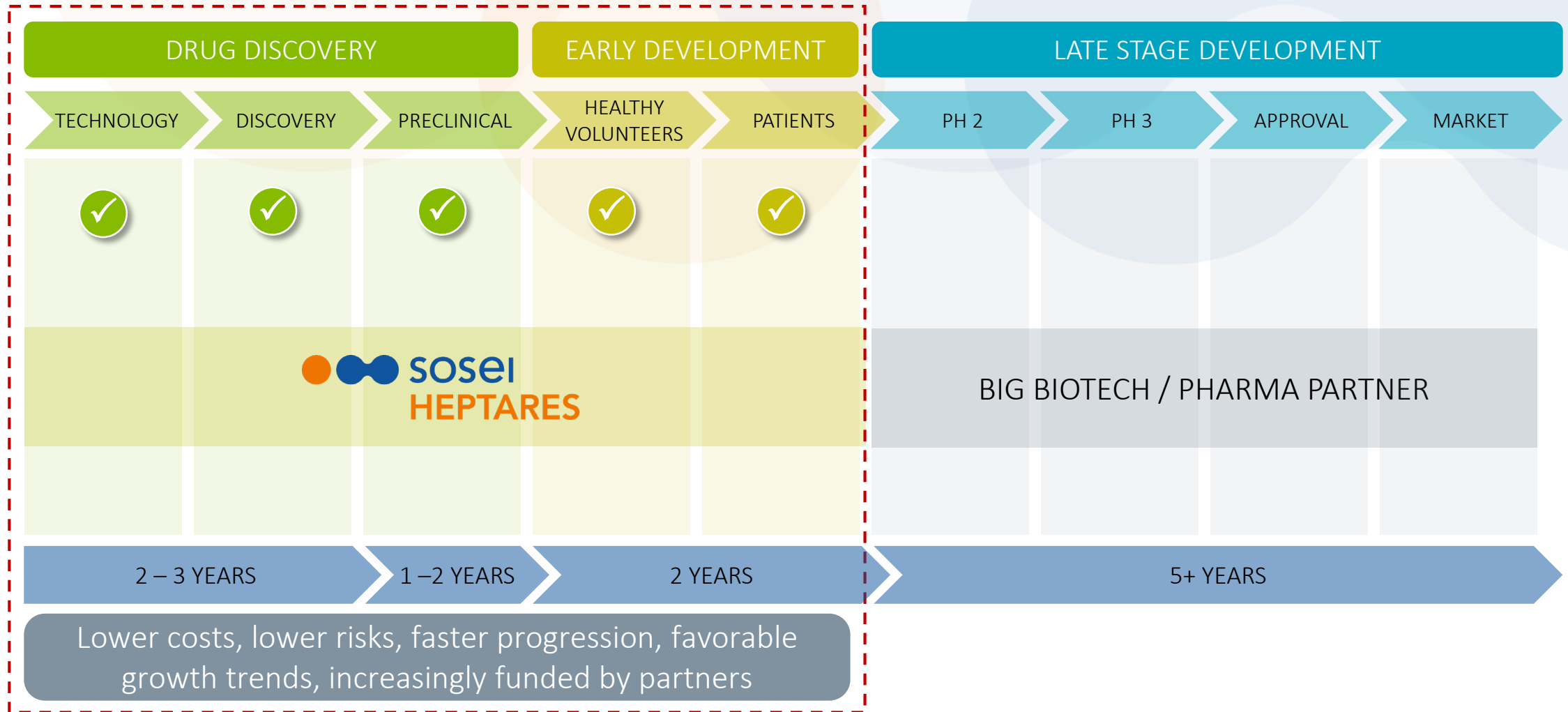


Rich source of exciting targets in immunology and inflammation particularly

Source: Management estimates

Generate high quality novel candidates attractive to partners

Our core competencies are drug discovery and early development



Targeting high value collaborations & long term ventures

Unique focus on lower cost, high value add programs



Strategic focus on executing new programs to be **funded by partners**



Primary goal is \$500m+ deals with world-leading pharma and biotech

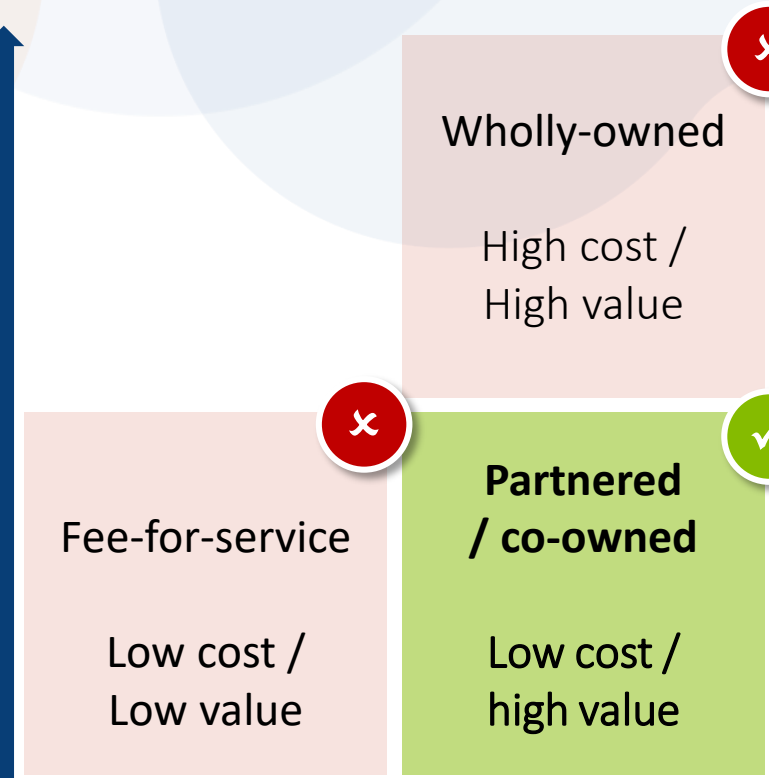


Alternatively, **seed novel candidates into long term ventures** with upside

Aiming to execute 2 to 3 new high value partnerships and/or ventures with upside in 2020

Approaches to drug discovery and development

COST ↑

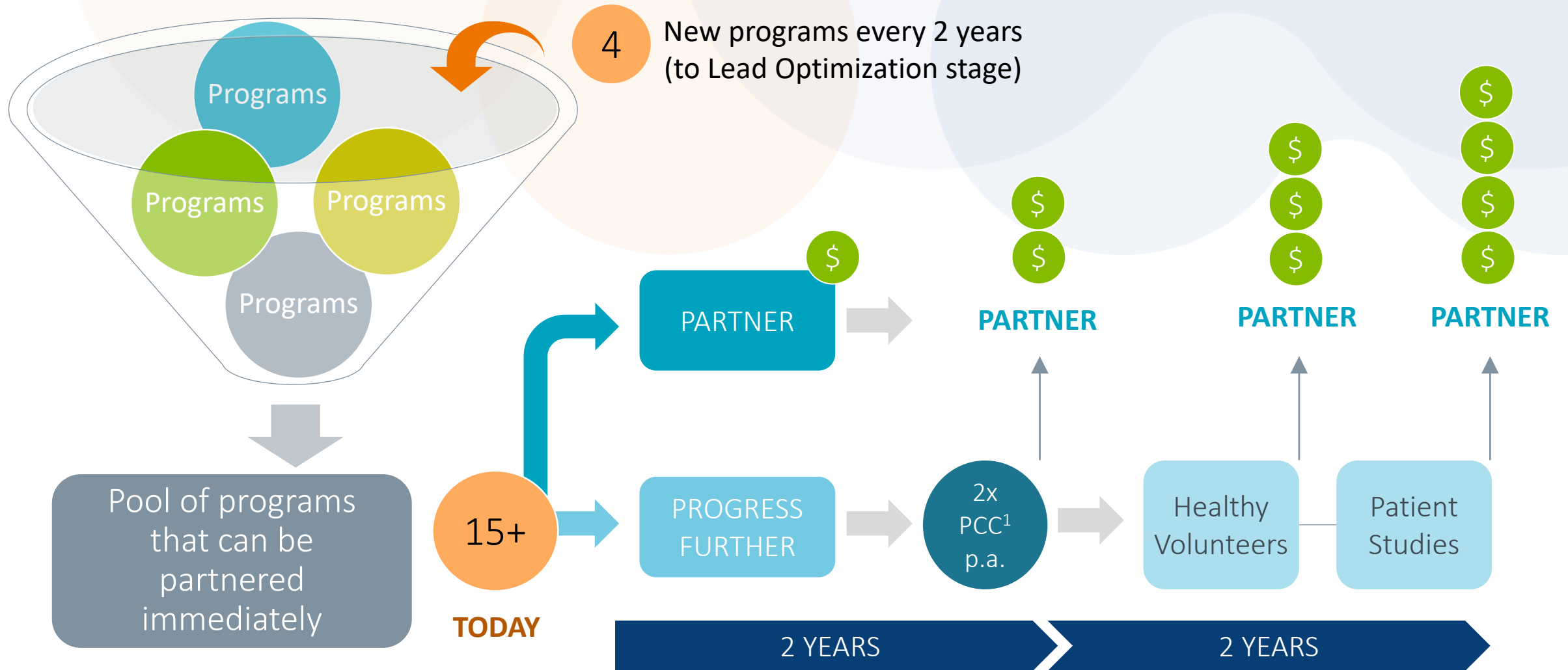


OUR
UNIQUE
FOCUS



VALUE →

Steady state business model generating multiple value inflection points



PCC = Preclinical Drug Candidate ready for testing per year



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連結計算書類の監査結果報告
Report on Audit Results on the
Consolidated Financial Statement



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決議事項

Matters to be Resolved

Proposal 1

Election of Six (6) Directors

SHINICHI
TAMURA

Chairman of the Board
Representative Executive Officer, Chairman, President and CEO
Chairman of the Nomination Committee
Member of the Compensation Committee

RE-APPOINTED

TOMOHIRO
TOHYAMA

Executive Director
Chairman of the Audit Committee
Member of the Compensation Committee

RE-APPOINTED

EXTERNAL

KUNIAKI
KAGA

Executive Director
Member of the Nomination Committee
Member of the Audit Committee

RE-APPOINTED

EXTERNAL

INDEPENDENT

Note: Current positions and responsibilities at the Company are presented

Proposal 1

Election of Six (6) Directors

DAVID
ROBLIN

Executive Director
Member of the Nomination Committee
Member of the Compensation Committee

RE-APPOINTED
EXTERNAL
INDEPENDENT

NORIAKI
NAGAI

Executive Director
Member of the Audit Committee

RE-APPOINTED
EXTERNAL
INDEPENDENT

ROLF
SODERSTROM

Proposal to be elected as External Director
Proposed Member of the Audit Committee
Proposed Member of the Compensation Committee

NEW APPOINTMENT
EXTERNAL
INDEPENDENT

Note: Current positions and responsibilities at the Company are presented



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質疑応答
Q&A



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採決
Vote