



31st Ordinary General Meeting of Shareholders

Sosei Group Corporation | 第31回定時株主総会

Agenda

- 1 Opening Declaration
- 2 Report on number of voting rights
- 3 Audit Committee Report
- 4 FY2020 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

2020年12月期の事業報告
連結業績

FY2020 Consolidated Results
Business Report

Another year of successful execution

Summary Financial Highlights for the 12 months ended 31 December 2020

1

Revenue of ¥8,842m (\$83m) vs. ¥9,726m (\$89m) in prior corresponding period, driven by progress with existing collaborations, and effective execution of new partnerships and co-investments

2

Cash Earnings Profit of ¥2,904m (\$27m) vs. ¥2,846m (\$26m) in prior corresponding period, due to rigorous focus on collaborative partnerships, strategic execution and cost control

3

Operating Profit of ¥928m (\$9m) vs. ¥384m (\$4m) in prior corresponding period, successfully achieving our corporate goal to **target sustainable and/or profitable results** for the Full Year

4

~\$200m new growth capital raised, Japan's largest biotech financing during COVID-19, to support aggressive strategic growth plan

5

Net cash inflow of ¥24.6bn (\$246m), resulting in a **robust cash balance of ¥40bn** (\$387m) at year end

Our unique and balanced business model is driving a **sustainable financial profile**

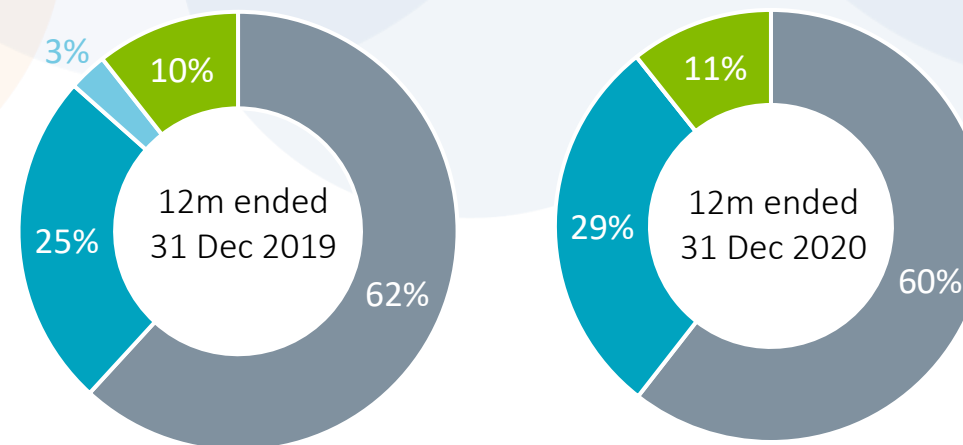
Note: USD:JPY FX rates used – 106.77 (FY2020) and 109.03 (FY2019)

Our emphasis on collaborative drug discovery partnerships and co-investments drove a balanced split of revenues

	JPY million		USD million	
	12m ended 31 Dec 2019	12m ended 31 Dec 2020	12m ended 31 Dec 2019	12m ended 31 Dec 2020
Revenue	9,726	8,842	89.2	82.8
Cash Cost of Sales	(807)	(607)	(7.4)	(5.7)
Cash R&D	(3,937)	(3,411)	(36.1)	(31.9)
Cash G&A	(2,164)	(1,995)	(19.8)	(18.7)
Other Cash Income	28	75	0.3	0.7
Cash Earnings Profit	2,846	2,904	26.1	27.2
Non-Cash Costs	(2,462)	(1,976)	(22.6)	(18.5)
Operating Profit	384	928	3.5	8.7
Net Finance Costs	331	1,050	3.0	9.8
Equity Accounted Investments	(181)	(356)	(1.7)	(3.3)
Net Profit before income tax	534	1,622	4.9	15.2
Net Profit	1,432	1,479	13.1	13.8

Note: USD:JPY FX rates used – 106.77 (FY2020) and 109.03 (FY2019)

Revenue by Type



	12m ended 31 Dec 2019		12m ended 31 Dec 2020	
Milestone	¥6,012m	\$55.1m	¥5,353m	\$50.1m
Royalty	¥2,406m	\$22.1m	¥2,544m	\$23.8m
Product Sales	¥276m	\$2.5m	–	–
Other	¥1,032m	\$9.5m	¥945m	\$8.9m

Modest increases in investment to fuel programs, add new major partners, and drive a step-up in our corporate valuation

Unchanged
Guidance
(Dec-21)

Cash R&D expenses

¥4,000 to 5,000m

- ✓ Increased investment in HTL'878 selective M4 agonist program – an extremely valuable opportunity to secure a new major partnership
- ✓ Accelerate new first-in-class target discovery and advance programs

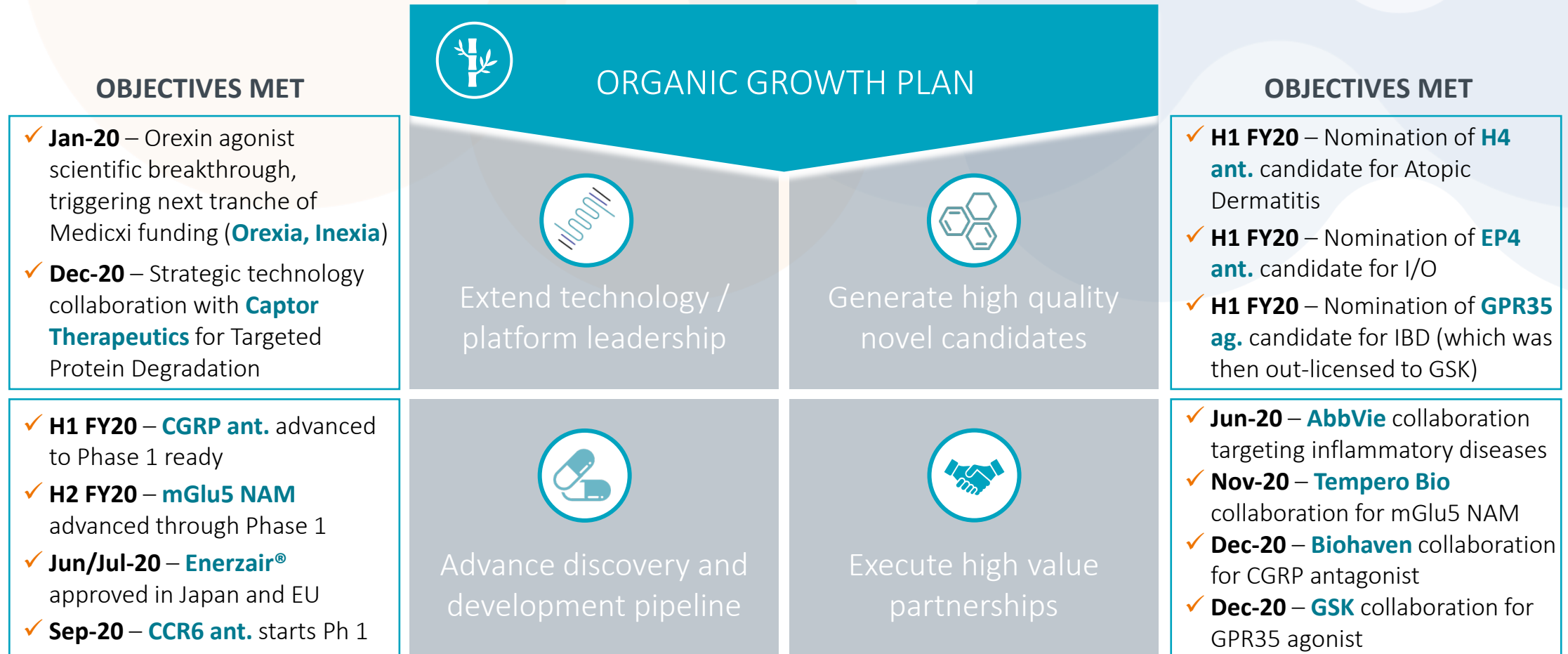
Cash G&A expenses

¥1,800 to 2,300m

- ✓ Continued build-out of Compliance and Governance capabilities
- ✓ Implementation of Oracle Netsuite ERP system








Investing today to drive growth tomorrow

Organic growth plan driving our world-leading GPCR drug discovery



All organic growth objectives successfully achieved

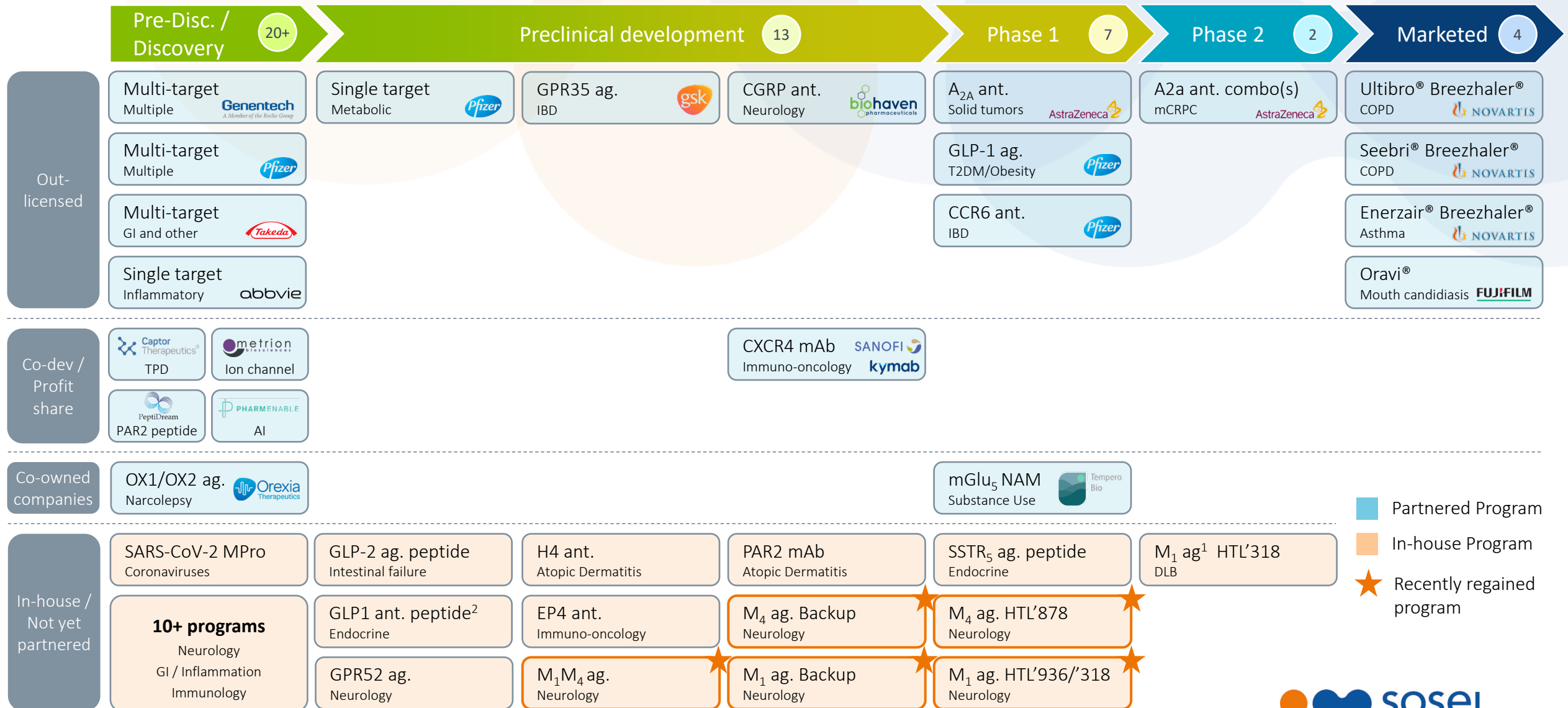
We continued to make excellent progress in collaborative drug discovery, adding three new pharma partnerships in 2020

Partner	Active Partnered Program	Therapeutic Area	UF / Near Term Payments	Potential deal value ¹
	2020 Collaboration and Licensing Agreement for GPR35 agonist	Gastrointestinal, immunology	\$44m	\$480m+
	2020 Collaboration and Licensing Agreement for CGRP antagonist	Neurology	\$10m	\$380m+
	2020 Discovery Collaboration and Option to License ²	Inflammatory and Autoimmune	\$32m	\$400m+
	2019 Multi-target Collaboration	Multiple; Initial focus on Gastrointestinal	\$26m	\$1.2bn+
 <small>A Member of the Roche Group</small>	2019 Multi-target Collaboration	Multiple	\$26m	\$1.0bn+
	2015 Multi-target Collaboration	Multiple	Nil	\$1.8bn+
	2015 Collaboration and Licensing Agreement for A _{2a} antagonist	Immuno-oncology	\$10m	\$500m+
TOTAL			\$148m	\$5.9bn+

¹ Potential option fees, development, regulatory and commercial milestone payments, plus royalties on global commercial sales;

² AbbVie has the option to expand the collaboration by an additional three targets




We added multiple new partnered and in-house programs to our deep pipeline, which will drive more collaborations and value creation



- Partnered Program
- In-house Program
- Recently regained program

Note: Seebri®, Ultibro®, Energair® and Breezhaler® are registered trademarks of Novartis AG. ¹ Phase 2 trial of HTL0018318 for DLB in Japan has been withdrawn. The Group may 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. The option to license GLP1 antagonist peptide was not exercised before 31 December 2020 and therefore the program is currently wholly in-house.

Increase our investment of the M4 agonist program while maintaining investment in the other portfolio programs

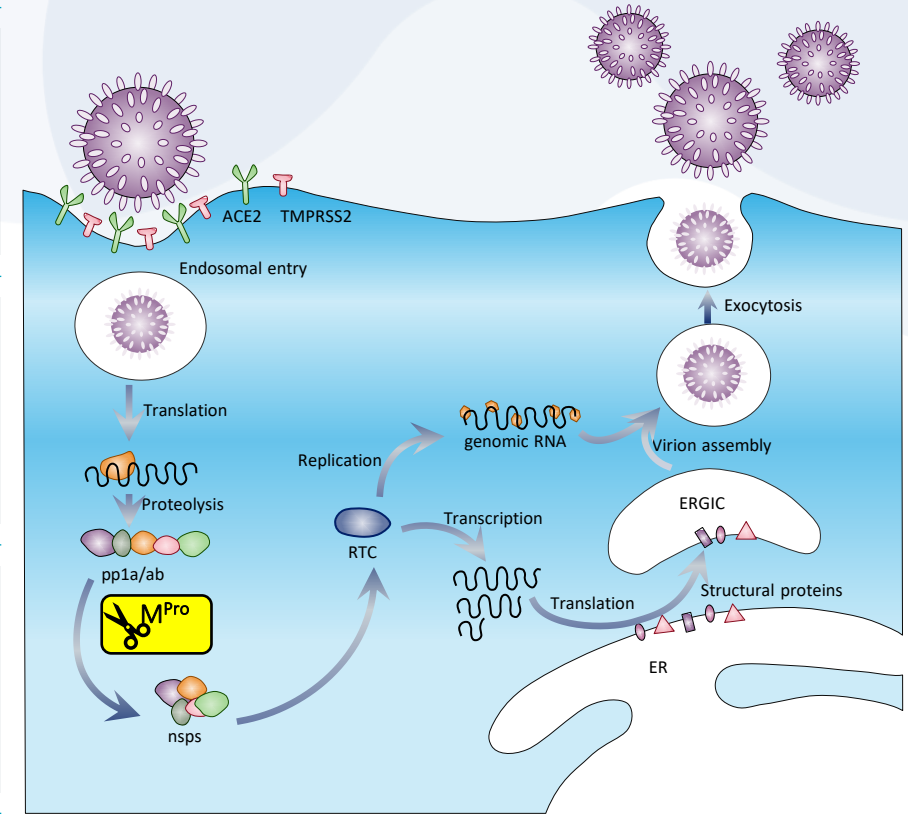
Program	Compound	Stage	FY2021	FY2022	FY2021 Budget allocation*
M ₄ agonist	HTL16878	Ph 1	Preparation for Phase 2	Phase 2 start Phase 2 trial activity	50% 
M ₁ agonist	HTL18318	Ph 1	Toxicity test Data analysis / comparison with backup	Prioritization of which selective M ₁ agonist program to progress, to be decided by end of 2021	25% 
	Undisclosed (M ₁ Backup)	Candidate Selection	Preclinical development		
M ₁ / M ₄ dual agonist	Undisclosed	Candidate Selection	Preclinical development		25% 
Portfolio Partnering Activity			Active negotiations with multiple potential partners	Targeting partnership execution by end of 2021	-

Note: Progress schedule outlined for key muscarinic programs only.

*Budget allocation within the Muscarine program, not overall R&D budget allocation

We leveraged our SBDD platform to support COVID-19 research in 2020, discovering a potent series of broad spectrum anti-virals

- ✓ Program focused on inhibitors of **SARS-CoV-2 main protease**, a highly conserved protein essential for viral replication
- ✓ Structure-based design approach has identified potent compounds for further development as **oral treatments** for SARS-CoV-2 infection and future coronavirus variants
- ✓ Program has advanced rapidly under an international collaboration of companies led by Sosei Heptares as part of its **commitment to socially responsible investing**



Now seeking partners with expertise in antiviral development for rapid progression of identified molecules for this important global fight against SARS-COV-2 and future coronavirus variants

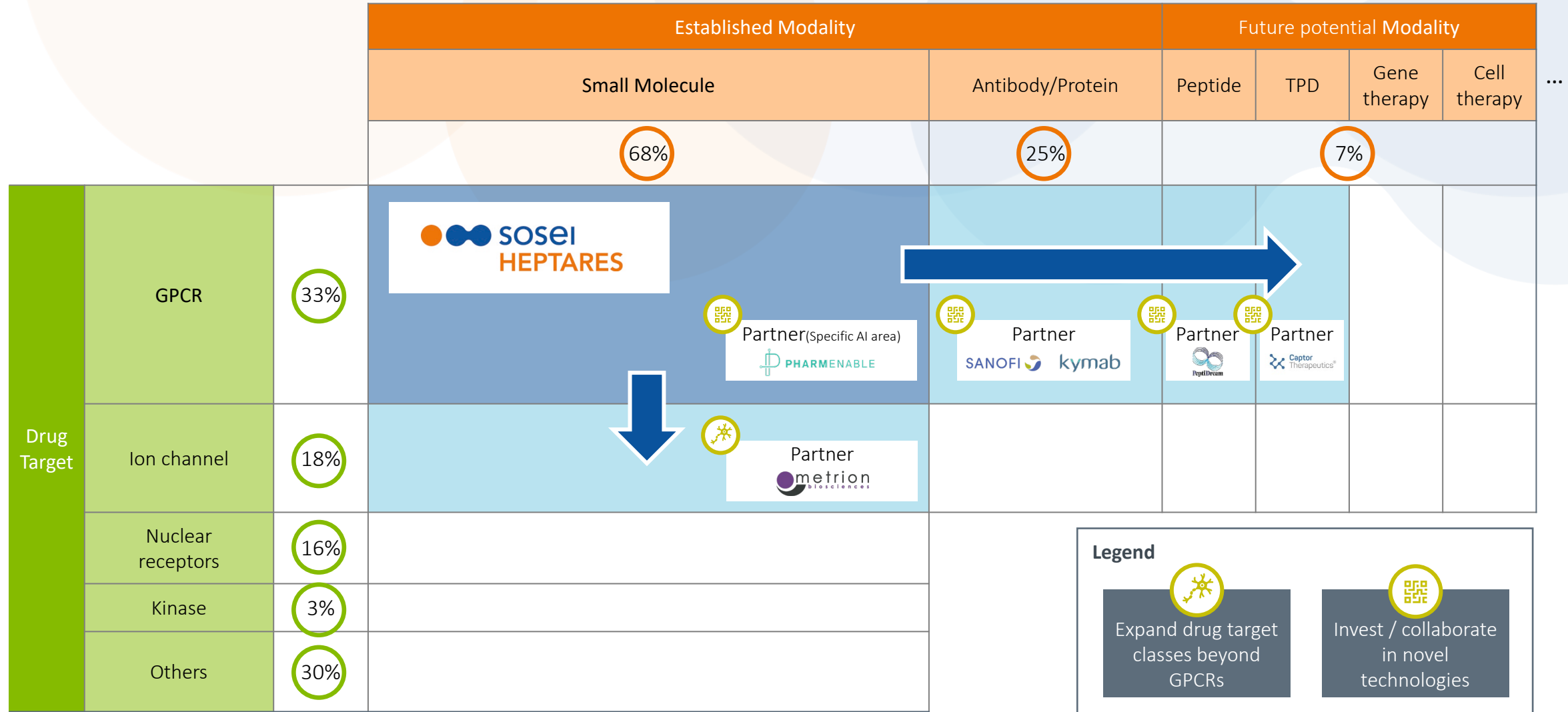
Strategic growth plan driving corporate value expansion



Adding new revenues, and accessing new technologies, to expand our future-proof our capabilities

 Collaborations in FY20  Collaborations in FY21

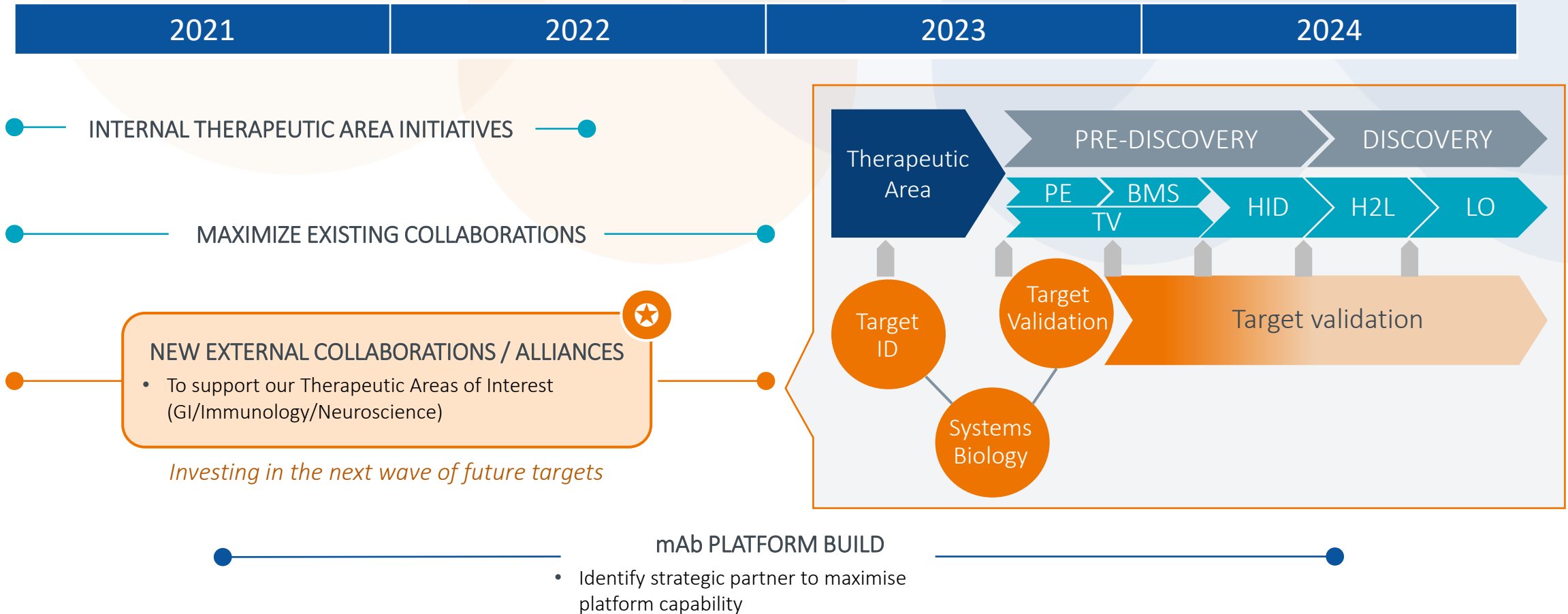
We are covering ~50% of the drug discovery landscape through the tactical expansion of our strategic collaborations



○ : Proportion of small-molecule drugs that target major families (Nature Reviews Drug Discovery volume 16, pages19–34(2017))

○ : Proportion of new drugs approved by FDA (2015-2019) by modality

New TIV Framework - mid-term plan to pursue investments and external collaborations to hunt novel first-in-class drug targets



Commencing 2021 we will aggressively expand our external technology collaborations and alliances

Note: PE = Protein Engineering; BMS = Biomolecular Structure; TV = Target Validation; HID = Hit Identification; H2L = Hit-to-Lead; LO = Lead Optimization

Realizing a sustainable future and improving shareholder value

1

Realizing a sustainable future

- Since its foundation in 1990, Sosei Heptares has expanded its business with the vision of becoming one of Japan's global biotechnology and drug discovery champions
- Based on our corporate vision, we are committed to supporting the healthy and prosperous lives of people around the world as a cutting-edge science-led company, specializing in drug discovery and early-stage drug development
- In a broader sense, we aim to fulfill our social responsibilities to our stakeholders, including patients, shareholders, business partners, employees and society

2

Improving shareholder value through sustainable growth

- Company-driven ESG (Environmental, Social and Governance) focused initiatives are increasingly garnering public attention, which look to address the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015
- We aim to achieve growth sustainably and improve shareholder value by generating economic value as well as contributing societal value

Key ESG initiatives of the Group



Based on our current business profile, we are focused on 9 ESG initiatives (covering 10 of the 17 SDGs)

Source: United Nations
 Note: ESG stands for “Environmental, Social and Governance”. SDG stands for “Sustainable Development Goals”
 LINK: <https://www.oseiheptares.com/investors/sustainability.html>

Key ESG related KPIs of the Group



Environment

CO₂ emissions from R&D facility per person

2020	4.17 tons
2019	5.07 tons

Promoting efficiency in drug discovery

of new drug candidates created*

6 54th/2,258 companies

Total Licensing Size**

1tn+ 7th/ All pharmaceutical companies in the world



Society

Diversity

Female employees in senior management	26%
Employees from outside Japan	78%

Contributing to the scientific community

Scientific publications	200+
Structures solved	300+

Applied SBDD capabilities to global COVID-19 Program



Governance

Corporate Governance

External Directors of the Board of Directors

83%
(The highest in the Japanese pharma industry)

Non-Japanese External Directors of the Board of Directors

33%

* The number of new drug candidate progressed to pre-clinical or clinical studies globally in the past 5 years (2015-2019), compiled from original company announcements **Evaluate Pharma
 LINK: <https://www.oseiheptares.com/investors/sustainability.html>

Three guiding principles of ESG

1

Be relevant and proactive – invest in ESG initiatives relevant to our company and the industry we operate in, and strive for continuous improvement

2

Be guided by altruistic principles – Consider how best to use our skills and resources to help others the most

3

Embrace *Gapponshugi* – the concept of ethical capitalism, promoting the interests of not just shareholders, but all stakeholders, including customers, employees, suppliers and communities



Shibusawa Eiichi

Widely known as the father of Japanese capitalism and a strong advocate of Confucius' learning in modern Japan

Priority objectives for FY2021



Being an ESG leader

- **Promote sustainable ESG practices and policies across global business**
- Establish collaborations with industry partners to further develop candidates as oral treatments for human coronaviruses



Progress the organic growth plan

- Extend technology / platform leadership
- **Generate high quality Preclinical-stage candidates**
- Advance discovery and development pipeline
- **Execute 2-3 new high value collaborations and/or co-investments**



Execute on the strategic growth plan

- **Seek out revenue-generating opportunities**
- **Invest / collaborate in novel technologies and expand drug target classes beyond GPCRs**
- In-license late-stage assets for Japan market



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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



6

決議事項

Matters to be Resolved

Proposal 1

Election of Six (6) Directors

<p>SHINICHI TAMURA</p>	<p>Chairman of the Board Representative Executive Officer, Chairman, President and CEO Chairman of the Nomination Committee Member of the Compensation Committee</p>	<p>RE-APPOINTED</p>	<p>DAVID ROBLIN</p>	<p>Executive Director Member of the Nomination Committee Member of the Compensation Committee</p>	<p>RE-APPOINTED EXTERNAL INDEPENDENT</p>
<p>TOMOHIRO TOHYAMA</p>	<p>Executive Director Chairman of the Audit Committee Member of the Compensation Committee</p>	<p>RE-APPOINTED EXTERNAL INDEPENDENT</p>	<p>NORIAKI NAGAI</p>	<p>Executive Director Member of the Audit Committee</p>	<p>RE-APPOINTED EXTERNAL INDEPENDENT</p>
<p>KUNIAKI KAGA</p>	<p>Executive Director Member of the Nomination Committee Member of the Audit Committee</p>	<p>RE-APPOINTED EXTERNAL INDEPENDENT</p>	<p>ROLF SODERSTROM</p>	<p>Executive Director Member of the Audit Committee Member of the Compensation Committee</p>	<p>RE-APPOINTED EXTERNAL INDEPENDENT</p>

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