Annual Report

Year ended 31 December 2024

Nxera Pharma Co., Ltd.

Nxera Pharma
Annual Report 2024

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About Nxera Pharma

Nxera Pharma is a technology powered biopharma company in pursuit of new specialty medicines to improve the lives of patients with unmet needs in Japan and globally.

We have built an agile, new-generation commercial business in Japan to develop and commercialize innovative medicines, including several launched products, to address this high value, large and growing market and those in the broader APAC region.

Behind that, and powered by our unique NxWave™ discovery platform, we are advancing an extensive pipeline of over 30 active programs from discovery through to late clinical stage internally and in partnership with leading pharma and biotech companies. This pipeline of potentially first- and best-in-class candidates is focused on addressing major unmet needs in some of the fastest-growing areas of medicine across neurology/neuropsychiatry, metabolic diseases and immunology and inflammation.

Nxera employs approximately 400 talented people at key locations in Tokyo and Osaka (Japan), London and Cambridge (UK), Basel (Switzerland) and Seoul (South Korea) and is listed on the Tokyo Stock Exchange (ticker: 4565).

Letter from the Chief Executive Officer

Mr. Chris Cargill

Representative Executive Officer, President & CEO

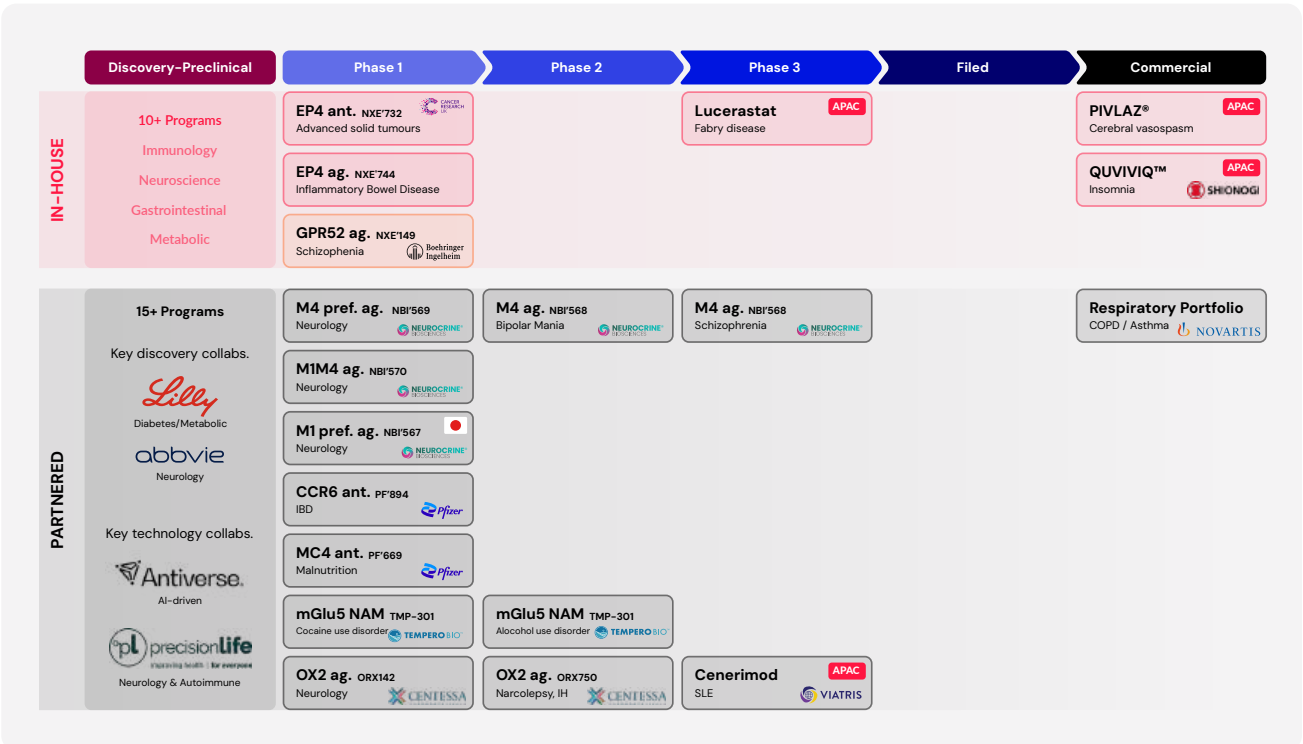
Nxera Pharma Co., Ltd.

Dear Stakeholders,

2024 was an exciting and highly productive year during which we made excellent progress under our new company name – Nxera Pharma – which was launched in April last year.

"Nxera" derives from the words "Next" and "Era" and expresses our determination to lead the next era of medicine and drive advancements in our core disease areas of neurology/neuropsychiatry, metabolic diseases and immunology and inflammation, in pursuit of new medicines for patients in Japan and globally

The name change marked a pivotal moment in the growth and development of our business, which has been accelerated through several key strategic acquisitions in recent years. These acquisitions have brought together a world-leading drug R&D platform and early development expertise in the UK with a successful and experienced development and commercial organization in Japan, transforming Nxera into an integrated commercial-stage biopharmaceutical company.



Under this structure, Nxera is deploying a strategy focused on investment in our own R&D plus in- and out-licensing initiatives to drive both near-term and sustainable longer-term growth.

In Japan and the broader Asia-Pacific (APAC) region, we are building an agile, new-generation commercial business, focusing on diseases that matter in the region, such as age-related conditions and disorders that affect quality of life. We are looking to bring speed and operational excellence from our highly experienced team, which collectively has achieved nine PMDA approvals over the past 20 years, to benefit our own projects as well as those of our partners.

For example, PIVLAZ®, which was launched in Japan in 2022 for prevention of cerebral vasospasm in patients who've had an aneurysmal subarachnoid hemorrhage, is already having a positive impact and rapidly becoming standard of care among neurosurgeons. Our second product, QUVIVIQ™ for treating adult patients with chronic insomnia, was launched at the end of 2024 and is being commercialized under a new agreement with the pharmaceutical company Shionogi. Both launches followed extensive and successful clinical development programs run by our teams and are now contributing to top-line revenue growth. We expect to make both products available to patients across key APAC markets (ex-China) in due course and estimate combined product sales by 2030 in the region of JPY30-35 billion.

PIVLAZ®
for cerebral vasospasm

These successes underpin Nxera's strategy to become a partner of choice to biopharma companies, primarily those in the US and Europe, looking to access the large and growing Japan and APAC markets with innovative new medicines, and we are actively seeking product opportunities to in-license and advance to commercialization.

In time, we will look to advance select products discovered in-house using our NxWave™ platform through this commercial organization too, while our partners develop them for global markets. Our NxWave™ platform is a unique and powerful asset built and enhanced over more than 15 years, which, along with our early development and translational medicine expertise, has enabled Nxera to generate an extensive pipeline of potential first-in-class or best-in-class drug candidates across the core disease areas mentioned earlier. This pipeline has provided multiple opportunities for Nxera to enter high-value partnerships with global biopharma companies that continue to provide significant revenues from milestone payments as they advance towards late-stage clinical development.

We saw significant developmental progress across this pipeline in 2024, resulting in Nxera receiving approximately US$90 million in upfront and milestone payments. The progress made by partner Neurocrine to advance its muscarinic agonist portfolio during the year has been particularly exciting and will lead to the first NxWave™-designed molecule entering Phase 3 trials in 2025, with three other candidates on track to reach important clinical milestones during the year.

Other notable clinical development progress from our partnered pipeline in 2024 driving further potential catalysts in 2025, include: Centessa –

with ORX750 in sleep disorders; Tempero Bio – with TMP-301 in alcohol and cocaine use disorder; and Pfizer, which has several candidates in Phase 1 studies including an oral GLP-1 agonist for treating Type 1 diabetes and obesity, an important therapeutic area for Pfizer.

We believe that these programs, if successful, could lead to multiple product launches by 2030 resulting in significant milestone revenue and the start of longer-term royalty streams payable to Nxera.

Our three wholly owned clinical programs are also advancing as planned in Phase 1 development, with several important milestones expected over the next 12-18 months. These programs are: NXE-149, which is targeting unmet needs in schizophrenia and is the subject of an option-to-license agreement with Boehringer Ingelheim; NXE-732, which is being investigated in solid tumors in collaboration with Cancer Research UK; and NXE-744, which offers a possible novel mechanism to treat inflammatory bowel diseases.

Importantly, we continue to invest in our NxWave™ platform, alongside our collaborations with cutting-edge technology companies, to ensure we generate exciting new discovery opportunities within our core disease areas to grow our pipeline. These focused discovery efforts will allow us to explore new modalities against GPCR targets of interest, such as peptides and antibodies, as well as expanding into other validated target classes.

Going into 2025, and building on the tremendous work done by our exceptional and dedicated team, Nxera is well capitalized and very well positioned, with multiple clinical data readouts and other potential catalysts expected during the year. We hope that you share our excitement and optimism about the future for the Group as we continue our mission to bring innovative therapies to patients in Japan and around the world, and in so doing create value for all our stakeholders.

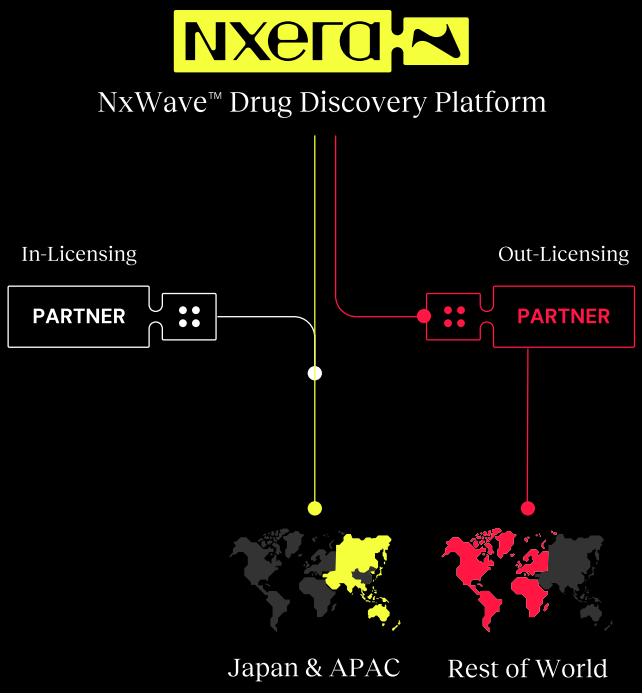
Chris Cargill, Representative Executive Officer, President & CEO

Nxera Pharma Co., Ltd.

Strategy

We have a clear vision and commitment to build a successful next-generation, technology driven biopharma company making a difference for patients worldwide.

Our 2030 vision is to build a high-growth, highly profitable Japanese biopharma company. Our commercial approach aims to maximize success and provide multiple options to advance our own and externally sourced drug candidates to patients in Japan and globally through:



1

In-house development and commercialization of select wholly owned programs for Japan/APAC

2

Late-stage clinical development and commercialization for in-licensed assets in Japan/APAC

3

Partnering assets with early clinical POC for global commercialization, retaining Japan/APAC rights

Our clinical pipeline contains Wave 1 (launch by 2030) and Wave 2 (launch by 2035) programs which are positioned across fast growing areas of healthcare such as neurology, immunology and metabolic disease.

Our business is formed around three key pillars

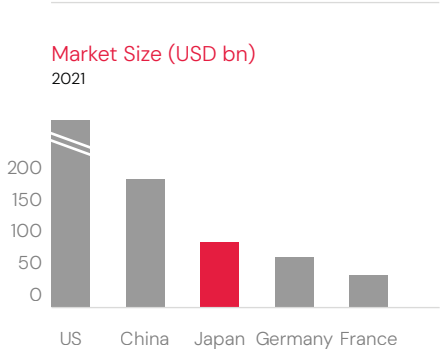
Delivering Life-Changing Medicines to Patients in Japan

Progressing High-Value Programs by Design

Leveraging Cutting-Edge Science and Technology

Delivering Life-Changing Medicines to Patients in Japan

To leverage our extensive clinical development and commercialization business in Japan using a lean, agile and scalable model to deliver new medicines to patients in this large and growing market and provide a platform to expand into broader APAC markets.



Japan is the third largest pharma market behind the US and China and has a large aging population. It also has a universal health care system, a high quality clinical and regulatory environment and a strong drive to address the problems of drug lag and drug loss in Japan that delay patient access to the latest innovative treatments developed in the US and Europe.

Overall, this situation presents a huge opportunity for the Group, and one where we intend to bring speed and operational excellence to advance and commercialize our own candidates as well as externally sourced (and in-licensed) late-stage medicines from biopharma companies primarily in the US and Europe.

We have already had considerable success with our two leading products, both of which offer significant growth potential and target therapeutic areas of importance to the Japan market.

- PIVLAZ® (clazosentan) – launched in Japan and approved in South Korea for the prevention of cerebral vasospasm and related conditions after aneurysmal subarachnoid hemorrhage (aSAH) securing, and
- QUVIVIQ™ (daridorexant) – launched in Japan for the treatment of adult patients with insomnia, partnered with Shionogi

We are actively seeking additional opportunities to in-license late clinical stage assets as we aim to become a development and commercialization partner of choice for the Japan and APAC market.

Delivering Life-Changing Medicines to Patients in Japan

Key progress in 2024

PIVLAZ® (clazosentan sodium)

150mg for prevention of cerebral vasospasm in patients with aSAH

- Significant growth of PIVLAZ® sales in Japan during first full year of Nxera ownership, with FY 2024 net sales growing 14% to JPY 12,651 million (US$83.5 million)
- Rapidly becoming standard of care with neurosurgeons with market share increased from 57% in 2023 to 69% in 2024
- New exclusive supply and distribution agreement signed with Handok Inc. to commercialize PIVLAZ® in South Korea, with launch expected in 2025

QUVIVIQ™ (daridorexant)

25 and 50 mg for the treatment of adult patients with insomnia

- Approved by the Ministry of Health, Labour and Welfare of Japan and launched in Japan under a commercial partnership agreement with Shionogi
- Phase 3 trial initiated in South Korea in adult and elderly subjects with insomnia with results expected during 1H 2026.

CITELINE
a norstella company

Nxera Pharma won Biotech Company of the Year and Financing Deal of the Year at the Citeline Japan Awards 2024

- Awards recognize outstanding advancements and innovations in the Japanese pharma and biotech sector.

VIATRIS

Post-period end, in February 2025, Nxera assigned Japan and APAC (ex-China) rights to cenerimod for autoimmune diseases – acquired as part of the terms of the Idorsia Japan acquisition – to Viatris for US$10 million upfront plus further milestone and royalty payments

- Cenerimod is a clinical-stage immunology candidate for autoimmune diseases discovered by Idorsia with global development and commercialization rights owned by Viatris

Progressing High-Value Programs by Design

To advance and expand our extensive pipeline of novel and potentially life-changing medicines in-house and with partners, generating multiple opportunities for value-creation targeting large and fast-growing areas of unmet medical need in Japan and globally.

Our R&D strategy focuses on partnering with global biopharmaceutical companies around specific candidates/programs that we have developed or for the discovery and development of candidates against partner-nominated targets. Many of these partnerships provide the Group with an economic interest in programs advancing in some of the most exciting and fastest growing areas of medicine, such as neurology/neuropsychiatry, metabolic diseases and immunology and inflammation.

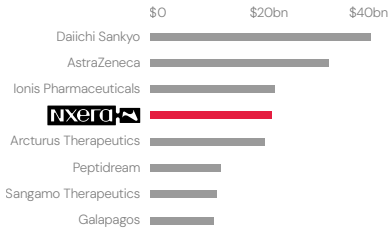
Our partnered portfolio currently includes multiple discovery-stage collaborations, eight programs in Phase 1 and three programs in Phase 2 and one program in Phase 3.

We have a strong track record of major licensing transactions, which provides important industry validation for our approach as well as significant revenues from upfront and milestone payments. We have generated nearly USD1 billion in revenues to date from our partners, and the total potential value of our license deals places us among the top five pharmaceutical and biotech companies globally.

Our in-house R&D efforts are focused on driving high-quality candidates into and through clinical development, enabling us to build a portfolio of programs for further development in Japan and the broader APAC region, while also providing future out-licensing opportunities.

Nxera Pharma ranks 4th out of 3,843 pharmaceutical/biotech companies by license value

Cumulative total since 2015



KEY PROGRESS IN 2024

Partner progress

Neurocrine reported positive topline results from its Phase 2 clinical study of NBI-1117568 (an M4 selective agonist) for the treatment of schizophrenia. Neurocrine intends to initiate a Phase 3 study of NBI-'568 in schizophrenia in H1 2025, and a Phase 2 study in bipolar mania in H2 2025.

Neurocrine also initiated a Phase 1 clinical study of NBI-1117567 (an M1-preferring agonist) in healthy participants and confirmed that a study with NBI-1117570 in schizophrenia is expected to start in the second half of 2025.

It is important to note that Nxera Pharma retains rights to develop all M1 agonists advancing under this productive collaboration in Japan in all indications.

Centessa announced positive interim clinical data from its Phase 1 trial with ORX750, a novel orexin receptor 2 agonist, and initiated a Phase 2 trial to investigate its potential as a treatment for several sleep/wake disorders (narcolepsy type 1 (NT1), narcolepsy type 2 (NT2) and idiopathic hypersomnia).

First development milestone achieved with AbbVie under a multi-target discovery collaboration in neurological diseases resulting in a payment of US$10 million to Nxera.

Internal pipeline progress

EP4 agonist

NXE0033744

The first subject was dosed in a Phase 1 trial of NXE'744, an oral, gut-restricted EP4 agonist with potential to treat Inflammatory Bowel Disease (IBD). NXE'744 has been designed to bring clinical benefit by accelerating the healing of damaged epithelial mucosa and suppressing exaggerated gut inflammation, with minimal systemic exposure thereby providing significantly enhanced safety and efficacy.

GPR52 agonist

NXE0048149

NXE'149 is a first-in-class GPR52 agonist designed and developed by Nxera as a once-daily oral treatment to address positive and negative symptoms and cognitive impairment in people with schizophrenia, avoiding the adverse effects typically associated with existing antipsychotic drugs. NXE'149 is currently in a Phase 1 clinical trial.

In March 2024, the Group entered a global collaboration and exclusive option-to-license agreement with Boehringer Ingelheim to develop and commercialize NXE'149 and a portfolio of other GPR52 agonists discovered by Nxera, in an up to EUR 670m deal plus tiered royalties.

GPR35 agonist

NXE0027477

Formerly GSK43814061

In March 2024, Nxera Pharma regained full ownership from GSK of NXE'477, a clinic-ready, first-in-class, oral GPR35 agonist targeting IBD – the Group expects to determine the optimal strategy for further clinical development of the program, which could include in-house development and re-partnering.

Leveraging Cutting-Edge Science and Technology

To extend and enhance the competitive advantages of NxWave™ – our proprietary GPCR-focused, structure-based drug design (SBDD) and discovery platform – through internal innovation and collaboration thereby accelerating the identification/ selection of new programs for development inhouse and/or through partnerships.

Our industry-recognized expertise in applying rational SBDD to GPCR targets has positioned us as a leader in this space, resulting in the generation of a substantial pipeline of novel drug candidates. These programs are being progressed both internally and by our global biopharma partners.

NxWave™ offers unparalleled access to previously intractable targets and novel candidate compounds, continuously fueling our pipeline with new first- and best-in-class opportunities. We continue to advance this platform through ongoing internal innovation, leveraging AI and machine learning technologies, and through close collaboration with leading global technology partners in both industry and academia.

Key progress in 2024

precisionlife
improving health | for everyone

Nxera and PrecisionLife expanded their 2022 strategic R&D partnership into autoimmune disorders with the aim of identifying new drug targets and subsequently potential precision targeted therapies for complex, chronic conditions.

Antiverse

Nxera entered a new multi-target partnership with Antiverse to design antibodies for validated but challenging GPCR targets. Nxera will retain exclusive rights to develop and commercialize any resulting candidates.

Corporate and Financial Update for 2024

Nxera Pharma, the new name for Sosei Heptares, came into effect on 1 April 2024 along with the launch of a new corporate brand and identity designed to capture the Group's ambition to be at the forefront of the next era of biopharmaceuticals and medicine.

Our cash and cash equivalents as at 31 December 2024 amounted to JPY 32 billion (US$205.8 million). We remain in a solid financial position to advance our strategy and stay focused on our mission: delivering life-changing medicines based on world-leading science to patients worldwide.

As of 31 December 2024, the Group had 374 employees (an increase of 24 employees vs. the end of 2023).

Acknowledgements

The achievements outlined above are a testament to the commitment and hard work of our employees and partners, as well as the continued support of our shareholders. The Group extends its sincere thanks to all who contributed to Nxera's progress in 2024 and is confident that it will build on this momentum and make 2025 another year of meaningful advancement.

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