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## Sosei Heptares Operational Highlights and Consolidated Results for the First Quarter 2021

Tokyo, Japan and Cambridge, UK, 12 May 2021 – Sosei Group Corporation (“the Company”; TSE: 4565) provides an update on operational activities and reports its consolidated results for the first quarter ended 31 March 2021. The full report can be accessed by [clicking here](#).

**Shinichi Tamura, Chairman, President and CEO of Sosei Heptares, commented:** “We continue to make good progress expanding our drug discovery business and remain well positioned to capitalize on a range of growth opportunities. We have initiated several exciting new technology collaborations designed to enhance our world-leading discovery platform and extend the reach of its application, including beyond GPCRs for the first time. We have made good progress with our partnered programs, which have delivered multiple milestones and generated important revenues since the start of the year. Meanwhile, our inhouse programs provide us with a rich source of future partnering opportunities that we are exploring. We have ambitious plans and expect 2021 to be a year of increased investment in strategic growth initiatives, both organic and inorganic, and believe we have the right strategy to deliver continued success and value creation for all stakeholders.”

### Operational Highlights for Q1 2021

- **New strategic technology collaboration with PharmEnable for AI-driven drug discovery** – aim to identify new leads against a challenging “peptidergic” GPCR target
- **First strategic collaboration to explore SBDD approaches beyond GPCRs with Metrion Biosciences** - collaboration targeting ion channels, a large, under-exploited target class where structural input to drug discovery has been limited. Drug discovery program to identify novel, highly specific leads for further development against a single ion channel associated with neurological diseases.
- **Worldwide rights to out-licensed muscarinic agonist programs regained from AbbVie/Allergan** – independent review of programs has completed, with increased investment allocated to advance the HTL0016878 selective muscarinic M4 agonist through clinical studies and build value ahead of future partnering. HTL0016878 represents a unique opportunity to develop a novel therapeutic with a new mechanism of action for neurological disorders including schizophrenia. Negotiations for collaborations on this and other muscarinic programs are now in progress.
- **Two milestone payments total US\$4 million received from Genentech during Q1 2021** – milestones achieved from the delivery of StaR<sup>®</sup> proteins based on nominated targets under the 2019 multi-target agreement.
- **Spin-off company Orexia Therapeutics merged into Centessa Pharmaceuticals, a new asset-centric company** – Orexia became one of ten private companies merged into Centessa, which launched in February 2021 and raised US\$250 million. Sosei Heptares’

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equity holding in Orexia was converted into a proportional shareholding in Centessa, which filed for an Initial Public Offering on Nasdaq in April 2021.

- **US\$2.5 million milestone received from Formosa Pharmaceuticals** – based on progression of APP13007, a divested asset, into Phase 3 trials as a new potential treatment for pain and inflammation following cataract surgery.

### Financial Highlights for the Three-month Period ended 31 March 2021

- Revenue totalled JPY 1,207 million (US\$11.4 million\*), an increase of JPY 45 million (US\$0.7 million) vs. the prior corresponding period. The increase was due to (i) the achievement of two milestones totalling US\$4.0 million in Q1 2021 relating to the delivery of StaR<sup>®</sup> proteins provided to Genentech (in respect of which US\$2.1 million has been recognised) vs. the achievement of one US\$1.5 million milestone in Q1 2020, and (ii) larger releases of deferred revenue in Q1 2021 due to there being an additional contract in the current quarter in respect of which revenue had been deferred in the past (AbbVie).
- Cash R&D expenses totalled JPY 1,102 million (US\$10.4 million), an increase of JPY 545 million (US\$5.3 million) vs. the prior corresponding period. The increase relates primarily to (i) spend on new innovative research collaborations, including Metrion, PharmEnable and Captor; (ii) an expansion in R&D headcount to support the growth of the business; (iii) a low level of spend in the comparative period, which included some non-recurring credits, including the successful resolution of disputed costs charged by one supplier; and (iv) a stronger GBP vs. JPY.
- Cash G&A expenses totalled JPY 641 million (US\$6.0 million), an increase of JPY 204 million (US\$2.0 million) vs. the prior corresponding period. The increase is primarily due to an increase in personnel related expenses. In the prior corresponding period, personnel related expenses were lower as a result of a reduction in the UK share based payment related National Insurance liability, which was driven by share price movements in that particular quarter.
- Cash earnings net loss\*\* totalled JPY 683 million (US\$6.4 million), vs. a cash profit of JPY 12 million (US\$0.1 million) in the prior corresponding period. The main reason for the increase in the operating loss is that the increase in Cash R&D and G&A costs exceeded the increase in revenue.
- Operating loss totalled JPY 1,238 million (US\$11.7 million) (vs. an operating loss of JPY 445 million (US\$4.1 million) in the prior corresponding period). The main reason for the increase in the operating loss is that the increase in operating expenses exceeded the increase in revenue.
- Net loss totalled JPY 1,153 million (US\$10.9 million) vs. a net loss of JPY 746 million (US\$6.9 million) in the prior corresponding period. The main reason for the net loss is the increase in operating loss (for the reasons stated above).
- Cash and cash equivalents as at March 31, 2021 increased by JPY 388 million (US\$3.7 million) from the beginning of the year and amounted to JPY 40,396 million (US\$364.8 million).

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*\*Convenience conversion to US\$ at the following rates: 2021: 1US\$ =106.092 JPY; 2020: 1US\$ =108.907 JPY*

*\*\*Non-IFRS measure*

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### About Sosei Heptares

We are an international biopharmaceutical group focused on the discovery and early development of new medicines originating from our proprietary GPCR-targeted StaR<sup>®</sup> technology and structure-based drug design platform capabilities. We are advancing a broad and deep pipeline of novel medicines across multiple therapeutic areas, including neurology, immunology, gastroenterology and inflammatory diseases.

We have established partnerships with some of the world's leading pharmaceutical companies, including AbbVie, AstraZeneca, Biohaven, Genentech (Roche), GSK, Novartis, Pfizer and Takeda and additionally with multiple emerging technology companies. Sosei Heptares is headquartered in Tokyo, Japan with corporate and R&D facilities in Cambridge, UK.

“Sosei Heptares” is the corporate brand and trademark of Sosei Group Corporation, which is listed on the Tokyo Stock Exchange (ticker: 4565). Sosei, Heptares, the logo and StaR<sup>®</sup> are trademarks of Sosei Group companies.

For more information, please visit <https://soseiheptares.com/>  
LinkedIn: [@soseiheptaresco](#) | Twitter: [@soseiheptaresco](#) | YouTube: [@soseiheptaresco](#)

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### Forward-looking statements



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This press release contains forward-looking statements, including statements about the discovery, development and commercialization of products. Various risks may cause Sosei Group Corporation's actual results to differ materially from those expressed or implied by the forward-looking statements, including: adverse results in clinical development programs; failure to obtain patent protection for inventions; commercial limitations imposed by patents owned or controlled by third parties; dependence upon strategic alliance partners to develop and commercialize products and services; difficulties or delays in obtaining regulatory approvals to market products and services resulting from development efforts; the requirement for substantial funding to conduct research and development and to expand commercialization activities; and product initiatives by competitors. As a result of these factors, prospective investors are cautioned not to rely on any forward-looking statements. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.