

Solasia Announces Finance via issuance of Unsecured Straight Bond and Warrant

Tokyo, Japan, August 13, 2020 – Solasia Pharma K.K. (TSE: 4597, Headquarters: Tokyo, Japan, President & CEO: Yoshihiro Arai, hereinafter “Solasia”), a specialty pharmaceutical company based in Asia, today announced fund raising via issuance of Unsecured straight bond (“Bond”) and 2 series of Warrants (“Warrant”) to Macquarie Bank Limited. Solasia looks to raise JPY2,500mn via issuance of the unsecured straight bond, plus JPY5,500mn via issuance of warrants (JPY2,500mn of exercise amount is planned to be utilized for redemption of the Bond, hence actual total financing amount is JPY5,500mn). The funds are used for SP-05 in-licensing & development, SP-04 additional development, and SP-02 adaptation expansion, development in China & other development.

I. Detailed Use of proceeds

1. In-licensing & development for SP-05 : JPY2,000mn

Solasia will utilize total amount of JPY1,689mn obtained through the issuance of new shares through a third-party allotment to Maruho Co., Ltd. in December, 2019 and JPY2,000mn of funds raised through this financing for SP-05. Specifically, for lump sum payment for the in-licensing, development investment until the product launch, and milestone payment & clinical development etc., during the period from 2020 to 2024.

2. Additional development for SP-04 : JPY2,000mn

As announced in April of 2020, Solasia will conduct a data cut-off in the third quarter of this year for the phase III clinical trial of SP-04, which is intended for peripheral neuropathy associated with cancer chemotherapy. Based on the results of the study, Solasia will decide future development plan by the first quarter of 2021. However, if the result shows that the safety and efficacy data is not sufficient for new drug application, Solasia will have to take additional clinical trials. There is a possibility of implementation of additional clinical trials, hence Solasia plans to allocate JPY2,000mn of the proceeds from this financing from 2021 to 2023.

3. Adaptation expansion, Chinese development for SP-02 & other development : JPY1,500mn

As announced in June 2020, SP-02 cleared key outcomes (antitumor effect) in the final clinical trial for relapsed or refractory peripheral T-cell lymphoma. As the results of non-clinical and clinical trials of SP-02 have indicated effects on other cancer types such as blood cancer, Solasia has plan to expand its application to other cancers. Solasia also plans to carry out development in China, where Solasia has its own distribution platform. In addition, as announced in July 2020, Solasia has the option to acquire drug candidate (RECQL1-siRNA) for peritoneal disseminated treatment and has plan to formulate additional development. Furthermore, Solasia will also use the proceeds to maintain the R&D team and sales distributions.

Solasia plans to allocate JPY1,500mn out of the funds raised through this financing to these development investments from 2020 to 2023.

Disclaimer:

The forward-looking statements, including earnings forecasts, contained in this press release are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Such statements should not be construed as representing commitments on the part of the Company. Please be aware that actual performance may differ for a variety of reasons. Major factors affecting the Company's actual performance include the economic conditions in which it operates, exchange rate fluctuations, the competitive situation and other factors. Information contained in this press release is for informational purposes only and should not be considered as investment solicitation. Information with regard to pharmaceuticals and medical devices (including products under development) is not provided for the purposes of advertising or medical advice. We do not have any obligation to update or revise any information in this press release, and any update or revision may occur anytime without notice.

II. Summary of Bond

Solasia will issue the JPY2,500mn Bond to Macquarie Bank Limited (“Allottee”) upon the issuance of the Warrants. Issuance of the Bond is inseparable from the issuance of the Warrant, and in principle, the redemption of the Bond will be made by the exercise proceed of the warrant, which will be calculated each month. Solasia will prioritize redemption in accordance with the warrant exercise each month.

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| 1. Notional value | JPY2,500,000,000 |
| 2. Allocation Date | August 31, 2020 |
| 3. Termination | August 31, 2021 |
| 4. Coupon | 0.0% per annum |
| 5. Issue Price | JPY100 per JPY100 |
| 6. Redemption | JPY100 per JPY100 |
| 7. | Redemption at maturity
The Allottee shall notify Solasia at least 10 days prior to the prepayment date on the last day of each calendar month, and request to pay all or part of the principal amount of the Bond issued on the prepayment date stipulated in such notification. As a general rule, Solasia shall make a prepayment every calendar month to the extent that the cumulative amount paid by the Allottee to Solasia by exercise of the Warrant, and the amount does not exceed the payment amount due to the exercise of the Warrant in that month. The amount paid by the Allottee to Solasia by exercise of the Warrant expected to be preferentially used for the redemption of the bond as long as the unpaid amount of the Bond remains. |
| 8. Allottee | Macquarie Bank Limited |

III. Summary of Warrant

2 series of warrant will be issued, and the payment amount due to the exercise of the Warrant will be preferentially used for the redemption of the Bond.

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| 1. Allocation Date | August 31, 2020 |
| 2. Exercise Period | September 1, 2020 – August 31, 2022 |
| 3. Number of Warrants | 230,000
Series 11: 140,000
Series 12: 90,000 |
| 4. Issue Price | Total Amount: JPY13,440,000
(Series 11: JPY60 per warrant, Series 12: JPY56 per warrant) |
| 5. Underlying Shares | 23,000,000 shares (100 shares per warrant)
Series 11: 14,000,000 shares
Series 12: 9,000,000 shares |
| 6. Funding Amount | JPY5,555,440,000 (Estimated amount of proceeds excluding costs: JPY5,545,440,000)
Breakdown;
Series 11;
Financing amount by issuing of Warrants: JPY8,400,000
Financing amount by exercising of Warrants: JPY2,842,000,000
Series 12;
Financing amount by issuing of Warrants: JPY5,040,000
Financing amount by exercising of Warrants: JPY2,700,000,000 |
| 7. Exercise price and conditions for reset of | Series 11;
Initial exercise price: JPY203 |

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exercise price

The exercise price of series 11 shall reset to 92% of the closing price of Solasia's common stock under the ordinary trading in the Tokyo Stock Exchange on the trading day prior to each reset date on or after the day following the date of issuance (if there is no closing price on the same day, the previous closing price applies. Calculated up to the third decimal point below the yen and rounded up to the second decimal point)

Series 12;

Initial exercise price: JPY300

The exercise price of the series 12 is initially fixed, and Solasia may apply reset clause of the exercise price by a board resolution when necessary for the purpose of raising funds. When making such a resolution, Solasia shall immediately notify the stock acquisition right holder of that fact, and 10 trading days after the date of such notification, the exercise price shall be fixed at the beginning, reset to 92% of the closing price of Solasia's common stock under the ordinary trading in the Tokyo Stock Exchange on the trading day prior to each amendment date on or after the day following the date of issue (if there is no closing price on the same day, the previous closing price applies. Calculated up to the third decimal point below the yen and rounded up to the second decimal point).

The payment amount due to the exercise of the series 11 & series 12 will be preferentially used for the redemption of the Bond. And in case that the amount of the unpaid amount remains after the exercise of all series 11 is completed, Solasia shall, within 30 days after the completion of the exercise of the Series 11, will cause board resolution to apply reset clause of the exercise price.

The exercise price of series 11 and series 12 shall not be less than JPY121

- 7. Allottee
- 8. Others

Macquarie Bank Limited

1. During the period in which the exercise price of series 12 is initially fixed, the Allottee can only exercise after Solasia judges and press release declaring (1) the interim results of the phase III clinical trial of SP-05 is completed successfully and will move to preparations for New Drug Application or (2) Solasia can continue the clinical trials after the interim results because the results are positive.
2. Solasia plans to conclude a purchase agreement (hereinafter referred to as the "purchase agreement") for the Warrant and corporate the Bond with the allottee after the notification pursuant to the Financial Instruments and Exchange Act comes into effect.
3. In the Purchase Agreement, if the Allottee plans to transfer the Warrant only with the prior consent of the Board of Directors of Solasia, the transferee from the Allottee will be entitled to all rights or obligations as the Allottee of the Purchase Agreement.

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