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February 14, 2024

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (under IFRS)

Company name: Solasia Pharma K.K.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4597  
 URL: <https://www.solasia.co.jp/en/>  
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Scheduled date of ordinary general meeting of shareholders: March 22, 2024  
 Scheduled date to commence dividend payments: –  
 Scheduled date to file annual securities report: March 22, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

### 1. Consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
December 31, 2023	617	(43.5)	(1,139)	–	(1,135)	–	(1,112)	–
December 31, 2022	1,092	95.5	(2,470)	–	(2,492)	–	(2,548)	–

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal year ended						
December 31, 2023	(1,112)	–	(1,103)	–	(6.62)	(6.62)
December 31, 2022	(2,548)	–	(2,543)	–	(16.77)	(16.77)

	Ratio of profit to equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	%	%	%
Fiscal year ended			
December 31, 2023	(49.0)	(42.3)	(184.6)
December 31, 2022	(97.1)	(79.4)	(226.1)

#### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of					
December 31, 2023	2,229	1,875	1,875	84.1	10.78
December 31, 2022	3,134	2,662	2,662	84.9	15.85

#### (3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended				
December 31, 2023	(359)	(0)	275	728
December 31, 2022	(2,074)	(418)	2,571	803

## 2. Cash dividends

	Annual cash dividends per share					Total cash dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2022	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ended December 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending December 31, 2024 (Forecast)	–	0.00	–	0.00	0.00		–	

## 3. Consolidated earnings forecasts for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2024	1,250	102.5	(800)	–	(800)	–	(800)	–	(800)	–	(4.60)
	~	~	~	~	~	~	~	~	~	~	~
	1,500	143.0	(550)	–	(550)	–	(550)	–	(550)	–	(3.16)

### \* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- 1) Changes in accounting policies required by IFRS: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2023	174,373,910 shares
As of December 31, 2022	168,402,310 shares

2) Number of treasury shares at the end of the period

As of December 31, 2023	430,910 shares
As of December 31, 2022	436,210 shares

3) Average number of shares during the period

Fiscal year ended December 31, 2023	168,131,901 shares
Fiscal year ended December 31, 2022	151,986,908 shares

**(Reference) Summary of Non-consolidated Results****1. Non-Consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)****(1) Non-Consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2023	617	△43.5	(688)	–	(678)	–	(679)	–
December 31, 2022	1,092	95.5	(1,702)	–	(1,772)	–	(2,084)	–

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended December 31, 2023	(4.04)	(4.04)
December 31, 2022	(13.72)	(13.72)

**(2) Non-Consolidated Financial Position**

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
Fiscal year ended December 31, 2023	1,066	672	62.9	3.86
December 31, 2022	1,513	1,031	67.9	6.12

**(Reference)** Shareholders' equity: Fiscal year ended December 31, 2023: 670 millions of yen  
: Fiscal year ended December 31, 2022: 1,027 millions of yen

The difference between operating results in the fiscal year under review and the preceding fiscal year is attributable to reasons stated in the section titled (1) Overview of operating results for the fiscal year ended December 31, 2023 under 1. Overview of operating results on page 2 of the Attached Material.

- \* Consolidated financial results reports are not subject to audit procedures by the Company's independent auditor.
- \* Proper use of earnings forecasts, and other special matters  
For the Group's consolidated earnings forecasts contained in these materials, disclosure is made with a range because it is difficult to estimate specific figures.  
The forecasts are based on judgments and assumptions derived from information available to the Company as of the date of disclosure of these materials, and actual results may differ from such forecasts due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to the section of "(3) Future outlook" on page 5 of the attached material.  
The Company plans to hold a financial results presentation meeting for institutional investors and analysts on Friday, February 16, 2024.  
The materials used at this meeting shall be posted on the Company's website promptly after the meeting is held.

**[Attached Material]**

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## 1. Overview of operating results

(1) Overview of operating results for the fiscal year ended December 31, 2023

1) Overview of results

Operating results

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023	(Millions of yen) Year-on-year
Revenue	1,092	617	(475)
Gross profit	662	337	(325)
Operating profit (loss)	(2,470)	(1,139)	1,331
Profit (loss)	(2,548)	(1,112)	1,435

The Group intends to focus business operations on expanding its oncology development pipeline, which consists of three products that have already been launched. Under this goal, the Group primarily engaged in the following business activities in the fiscal year ended December 31, 2023.

### [Launched products (development completed)]

**SP-01 (Indication: Chemotherapy-induced nausea and vomiting)**

**SP-03 (Indication: Oral mucositis/stomatitis caused by chemotherapy and radiotherapy)**

Sales of Sancuso® (SP-01) and episil® (SP-03), which are mainly sold in China, were substantially lower than initial projections, due to the restricted shipment of Sancuso®(SP-01) and episil®(SP-03) from the middle of the fiscal year resulting from the relocation of the manufacturing facility in a bid to lower costs and difficulty carrying out normal sales activities amid anti-corruption campaigns in China.

**SP-02 (Indication: Relapsed or Refractory Peripheral T-cell Lymphoma)**

The Company obtained marketing approval and began sales for SP-02 in Japan in 2022.

Currently, the Company is conducting non-clinical studies targeting hematologic cancers other than Relapsed or Refractory peripheral T-cell lymphoma with an eye to expanding the drug's indications.

The Company is conducting out-licensing activities for marketing and other rights in China and other regions.

### [Pipeline products in the non-clinical study phase]

**SP-04 (Target Indication: Chemotherapy-induced peripheral neuropathy)**

Based on the results of the international Phase III clinical trial including Japan in patients with colorectal cancer of SP-04 targeting oxaliplatin-induced peripheral neuropathy, the Company has decided to park the development of the pipeline product for this indication; instead, we have determined to conduct additional animal studies to investigate the product's potential in treating taxane-induced peripheral neuropathy. Based on information obtained from the results of animal studies conducted so far, we have started new animal studies in Japan in collaboration with licensor Egetis Therapeutics.

The Company has made progress in the development of its pipeline products as outlined above, and intends to enhance corporate value in the medium to long term through structural reforms implemented last year aimed at improving earnings began to produce results. However, in the short term, upfront expenditures for pipeline product development continue to exceed earnings from product sales due to product sales still being in the early stage. As a result, our financial performance during the fiscal year ended December 31, 2023, was as follows.

[Revenue, gross profit]

In the fiscal year ended December 31, 2023, revenue totaled 617 million yen, mainly owed to sales of pipeline products Sancuso® (SP-01), DARVIAS® (SP-02) and episil® (SP-03). In addition, gross profit amounted to 337 million yen.

Breakdown of R&D and SG&A expenses

	(Millions of yen)		
	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023	Year-on-year
R&D expenses	883	403	(479)
SG&A expenses	2,250	1,073	(1,176)
Total	3,133	1,476	(1,656)
(Breakdown)			
Personnel expenses	661	470	(191)
Outsourcing expenses / Subcontract expenses	1,013	410	(602)
Depreciation and amortization of intangible assets	965	500	(464)
Other	492	94	(398)

[R&D expenses, SG&A expenses, Operating profit (loss), Profit (loss)]

R&D expenses amounted to 403 million yen. This amount mainly reflected costs for changing the manufacturing site to lower manufacturing costs, R&D aimed at expanding the indications for DARVIAS® (SP-02), animal studies for SP-04, and investments in new development candidates. SG&A expenses amounted to 1,073 million yen, down 1,176 million yen year on year, as ongoing company-wide efforts to cut costs related to the dissolution of the in-house sales structure in China.

The Company incurred an operating loss of 1,139 million yen.

The Company incurred an overall loss of 1,112 million yen.

[Capitalized costs included in intangible assets]

The Group posted no increase in intangible assets attributable to development costs and in-licensing expenses recognized as assets among pipeline investment outlays. In the fiscal year ended December 31, 2023, pipeline investment amounted to 403 million yen. This figure is 403 million yen in R&D expenses. However, amortization of intangible assets related to the pipeline product Sancuso® (SP-01) and ,DARVIAS® (SP-02), leading to amortization of 452 million yen. As a result, the balance of intangible assets was 1,117 million yen as of December 31, 2023.

2) Cash flows

	(Millions of yen)		
	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023	Year-on-year
Net cash provided by (used in) operating activities	(2,074)	(359)	1,715
Net cash provided by (used in) investing activities	(418)	(0)	418
Net cash provided by (used in) financing activities	2,571	275	(2,296)

[Cash flows from operating activities]

Net cash used in operating activities amounted to 359 million yen (compared with 2,074 million yen in net cash used in these activities in the corresponding period of the previous fiscal year), which was mainly attributable to loss before tax of 1,135 million yen.

[Cash flows from investing activities]

Net cash used in investing activities amounted to 234 thousand yen (compared with 418 million yen used in these activities in the corresponding period of the previous fiscal year).

[Cash flows from financing activities]

Net cash provided by financing activities amounted to 275 million yen (compared with 2,571million yen provided by these activities in the same period of the previous year). This figure was mainly attributable to 318 million yen in proceeds from issuance of new shares by the exercise of warrants.

### 3) Research and development activities

R&D expenses amounted to 403 million yen. This amount mainly reflected costs for changing the manufacturing site to lower manufacturing costs, R&D aimed at expanding the indications for DARVIAS® (SP-02), animal studies for SP-04, and investments in new development candidates.

Details regarding progress achieved with pipeline products are please refer to today's news release, entitled "Business Overview of Pipeline Products".

### (2) Overview of financial position for the fiscal year ended December 31, 2023

As of December 31, 2023, total assets amounted to 2,229 million yen, down 904 million yen from the previous year-end. Current assets were 976 million yen, including 728 million yen in cash and cash equivalents, 67 million yen in trade and other receivables. Non-current assets came to 1,252 million yen. This figure includes 1,117 million yen in intangible assets constituting the capitalized amount of development investment.

Total liabilities totaled 354 million yen, down 117 million yen from the previous year-end. Current liabilities were 293 million yen, including 213 million yen in trade and other payables. Non-current liabilities amounted to 61 million yen, mainly due to 27 million yen in lease liabilities 22 million yen in deferred tax liabilities.

Total equity equaled 1,875 million yen, down 786 million yen from the previous year-end. The increase was mainly attributable to 318 million yen in proceeds from issuance of new shares. The decrease was mainly attributable to the overall loss of 1,112 million yen.

### (3) Future outlook

On the premise of the following business progress, we forecast that for the fiscal year ending December 31, 2024, revenue would range between 1.25 billion to 1.5 billion yen, while operating profit (loss), profit (loss) before tax and bottom-line profit (loss) would range between a loss of 800 million yen to 550 million yen .

#### 1) Key assumptions behind the revenue forecast (1.25 billion yen to 1.5 billion yen)

We expect to generate a minimum of 1.25 billion yen in revenue, mainly from the sales of Sancuso® (SP-01 [China]), episil® (SP-03 [Japan, China, Korea]), and DARVIAS® (SP-02 [Japan])and the upfront payment of out-licensing agreement for DARVIAS® in China. Additionally, we anticipate an all remaining milestone payments of 250 million yen arising from a potential out-licensing agreement for DARVIAS® in China by the end of the year,and added this amount to the lower bound of the revenue forecast to obtain the upper bound of 1.5 billion yen.

#### 2) Key assumptions behind the operating expense forecast (2.05 billion yen)

We will incur cost of sales due to product sales of Sancuso® (SP-01), episil® (SP-03) and DARVIAS® (SP-02).

we will invest in clinical studies in china for DARVIAS® (SP-02) .

We will incur amortization expenses of 160 million yen on intangible assets of Sancuso® (SP-01) and DARVIAS® (SP-02).

We expect to incur operating expenses and development investment into new drug candidates.

Because the overall Group expects to continue making upfront investments as described above, we forecast an operating profit (loss), profit (loss) before tax, and bottom-line profit (loss) would range between a loss of 800 million yen to 550 million yen.

The revenue forecast includes an upfront payment that may arise from a potential out-licensing agreement. At this point, however, it is difficult to estimate the scale of the upfront payment. Considering that the actual receipt and size of the upfront payment will affect the revenue and expenses for the fiscal year ending December 31, 2023, we have disclosed the earnings forecasts for the fiscal year in ranges.

## **2. Basic rationale for selecting the accounting standard**

The Group adopted International Financial Reporting Standards (IFRS) from the fiscal year ended December 31, 2015, in order to improve international comparability and the convenience of financial information in capital markets.

### 3. Consolidated financial statements and significant notes thereto

#### (1) Consolidated statement of financial position

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	803	728
Trade and other receivables	572	67
Inventories	14	122
Other current assets	44	58
Total current assets	1,435	976
Non-current assets		
Property, plant and equipment	26	21
Light-of-use asset	37	60
Intangible assets	1,570	1,117
Investments accounted for using equity method	11	6
Other non-current assets	52	46
Total non-current assets	1,698	1,252
Total assets	3,134	2,229
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	332	213
Lease liabilities	37	33
Other current liabilities	37	45
Total current liabilities	407	293
Non-current liabilities		
Deferred tax liabilities	53	22
Lease liabilities	0	27
Other non-current liabilities	10	10
Total non-current liabilities	64	61
Total liabilities	472	354
<b>Equity</b>		
Share capital	1,436	1,596
Capital surplus	1,500	1,657
Retained earnings	(223)	(1,336)
Treasury stock	(70)	(69)
Other components of equity	19	26
Total equity	2,662	1,875
Total liabilities and equity	3,144	2,229

(2) Consolidated statement of profit or loss

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Revenue	1,092	617
Cost of sales	430	280
Gross profit	662	337
Research and development expenses	883	403
Selling, general and administrative expenses	2,250	1,073
Operating profit (loss)	(2,470)	(1,139)
Finance income	0	10
Finance costs	18	0
Other income	—	0
Share of profit (loss) of investments accounted for using equity method	(3)	(5)
Profit (loss) before tax	(2,492)	(1,135)
Income taxes	56	(22)
Profit (loss)	(2,548)	(1,112)
Profit (loss) attributable to:		
Owners of parent	(2,548)	(1,112)
Earnings (loss) per share		
Basic earnings (loss) per share [yen]	(16.77)	(6.62)
Diluted earnings (loss) per share [yen]	(16.77)	(6.62)

(3) Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit (loss)	(2,548)	(1,112)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	5	9
Subtotal	5	9
Total other comprehensive income	5	9
Comprehensive income	(2,543)	(1,103)
Comprehensive income attributable to:		
Owners of parent	(2,543)	(1,103)

## (4) Consolidated statement of changes in equity

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			Total equity
					Exchange differences on translation of foreign operations	Share acquisition rights	Total Other components of equity	
Balance at January 1, 2022	2,110	5,738	(5,204)	(70)	10	3	13	2,587
Comprehensive income								
Profit (loss)	–	–	(2,548)	–	–	–	–	(2,548)
Other comprehensive income	–	–	–	–	5	–	5	5
Total comprehensive income	–	–	(2,548)	–	5	–	5	(2,543)
Transactions with owners								
Issuance of new shares	510	477	–	–	–	–	–	987
Exercise of share acquisition rights	826	810	–	–	–	(7)	(7)	1,629
Issuance of share acquisition rights	–	–	–	–	–	10	10	10
Disposal of share acquisition rights	–	–	–	–	–	(3)	(3)	(3)
Capital reduction	(2,010)	(5,519)	7,529	–	–	–	–	–
Disposal of treasury shares	–	–	–	0	–	–	–	0
Share-based payment transactions	–	(6)	–	–	–	–	–	(6)
Total transactions with owners	(674)	(4,237)	7,529	0	–	0	0	2,617
Balance at December 31, 2022	1,436	1,500	(223)	(70)	15	3	19	2,662
Balance at January 1, 2023	1,436	1,500	(223)	(70)	15	3	19	2,662
Comprehensive income								
Profit (loss)	–	–	(1,112)	–	–	–	–	(1,112)
Other comprehensive income	–	–	–	–	9	–	9	9
Total comprehensive income	–	–	(1,112)	–	9	–	9	(1,103)
Transactions with owners								
Exercise of share acquisition rights	160	159	–	–	–	(1)	(1)	318
Disposal of treasury shares	–	–	–	0	–	–	–	0
Share-based payment transactions	–	(2)	–	–	–	–	–	(2)
Total transactions with owners	160	156	–	0	–	(1)	(1)	315
Balance at December 31, 2023	1,596	1,657	(1,336)	(69)	25	1	26	1,875

## (5) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit (loss) before tax	(2,492)	(1,135)
Depreciation and amortization	534	500
Impairment losses	431	—
Finance income	(0)	(10)
Finance costs	18	0
Share of loss (profit) of investments accounted for using equity method	3	5
Decrease (increase) in trade and other receivables	(446)	540
Decrease (increase) in inventories	(14)	(108)
Increase (decrease) in trade and other payables	(65)	(118)
Other	(13)	(7)
Subtotal	<u>(2,044)</u>	<u>(332)</u>
Interest received	0	0
Interest paid	(1)	(0)
Income taxes paid	(28)	(25)
Net cash provided by (used in) operating activities	<u>(2,074)</u>	<u>(359)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(0)	(0)
Purchase of intangible assets	(403)	—
Share-based payment transactions	(14)	—
Net cash provided by (used in) investing activities	<u>(418)</u>	<u>(0)</u>
Cash flows from financing activities		
Proceeds from issuance of bonds	500	—
Redemption of bonds	(500)	—
Proceeds from issuance of new shares	2,611	318
Proceeds from issuance of share acquisition rights	10	—
Acquisition of share acquisition rights	(3)	—
Repayment of lease liabilities	(47)	(42)
Acquisition of treasury shares	—	—
Net cash provided by (used in) financing activities	<u>2,571</u>	<u>275</u>
Net increase (decrease) in cash and cash equivalents	<u>78</u>	<u>(83)</u>
Cash and cash equivalents at beginning of period	<u>714</u>	<u>803</u>
Effect of exchange rate changes on cash and cash equivalents	10	7
Cash and cash equivalents at end of period	<u><u>803</u></u>	<u><u>728</u></u>

(6) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Change in Accounting Policies)

No items to report.

(Segment information)

Disclosure is omitted as the Group has a single reportable segment.

(Per share information)

The basis for calculating basic earnings (loss) per share is as follows.

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit (loss) attributable to ordinary equity holders of parent		
Profit (loss) attributable to owners of parent (Millions of yen)	(2,548)	(1,112)
Amount not attributable to ordinary equity holders of parent (Millions of yen)	—	—
Profit (loss) attributable to ordinary equity holders of parent (Millions of yen)	(2,548)	(1,112)
Average number of ordinary shares during the period (shares)	151,986,908	168,131,901

The figure for diluted earnings (loss) per share has been presented at an amount equal to that of basic earnings (loss) per share due to antidilutive effects of the share options with share acquisition rights.

(Significant subsequent events)

No items to report.