

Solasia Announces Finance via Issuance of Unsecured Straight Bond and Warrant

Tokyo, Japan, February 15, 2024 – Solasia Pharma K.K. (TSE: 4597, Headquarter: Tokyo, Japan, President & CEO: Yoshihiro Arai, hereinafter “Solasia”), a specialty pharmaceutical company based in Asia, today announced fund raising via issuance of unsecured straight bonds (“Bond(s)”) and warrants (“Warrant(s)”) to Macquarie Bank Limited. Solasia looks to raise JPY 500mn via issuance of the Bonds, plus JPY 1,673mn via issuance of the Warrants (JPY 500mn of the exercise amount is planned to be utilized for redemption of the Bonds, hence actual total financing amount will be JPY 1,673mn). The funds will be used for developing of SP-02 in China.

I. Detailed Use of proceeds

Solasia is aiming to conclude a contract for the licensing-out of SP-02 in China in the first quarter of FY2024. Although it will depend on the details of the contract with the licensing-out partner, Solasia may be responsible for development activities such as the execution of clinical trial design for peripheral T-cell lymphoma, the first indication for SP-02, as Solasia has knowledge in this field. This is a new development strategy for peripheral T-cell lymphoma. This is because Solasia has the development expertise for peripheral T-cell lymphoma since Solasia has completed the development and obtained approval in Japan, and Solasia can efficiently conduct the development in China as well. Solasia believe that this will be the best way to deliver the development products to patients around the world as quickly as possible. The funds to be procured will be used for the execution of the clinical trial design. Solasia also believes that this fund procurement in advance will enable Solasia to smoothly carry out the development activities necessary to file an application for approval with the Chinese regulatory authorities.

The design of the clinical trial is expected to be clarified through negotiations with the Chinese regulatory authorities, and Solasia plans to announce the details of the clinical trial design as soon as they become clear. In the event that the clinical development in China is carried out by the licensee or the cost to be borne by Solasia is less than the amount to be raised, the remaining amount will be used to invest in the introduction of new products, the development of new products, and the maintenance of R&D and other systems. Solasia plans to keep the procured funds in its deposit account until such time as the funds are used for such purposes.

Solasia has raised funds through the Series 13th warrant and procured JPY 1,929mn, JPY 740mn of which used for SP-02 development, and JPY 898mn for introduction of newly developed products. The remaining amount has been reserved as cash on hand for future introduction of newly developed products. However, additional funding for SP-02 development is still needed. Therefore, the Company plans to raise funds through this fund procurement and appropriate them to SP-02 development funds. In addition, the use of funds from the Series 13th warrant, which included the introduction of newly developed products, is not included in the use of funds from this fund procurement.

II. Summary of Bond

Solasia will issue the JPY 500mn Bonds to Macquarie Bank Limited (“Allottee”) simultaneously with the issuance of the Warrants. Issuance of the Bonds is inseparable from the issuance of the Warrants,

The forward-looking statements, including earnings forecasts, contained in this press release are based on information currently available to Solasia and on certain assumptions deemed to be reasonable. Such statements should not be construed as representing commitments on the part of Solasia. Please be aware that actual performance may differ for a variety of reasons. Major factors affecting Solasia’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. Solasia does not have any obligation to update or revise any information in this press release, and any update or revision may occur anytime without notice.

and in principle, the Bonds will be redeemed by allocating the exercise proceeds of the Warrants on a monthly basis. The Bonds are contemplated to be issued pursuant to the following terms.

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| 1. Title | Solasia Pharma K.K. Series 3 Unsecured Straight Bond |
| 2. Total Amount of the Bonds | JPY 500,000,000 |
| 3. Amount of Each Bond | JPY 12,500,000 |
| 4. Payment Date | March 4, 2024 |
| 5. Maturity Date | March 3, 2027 |
| 6. Coupon | 1.0% per annum |
| 7. Issue Price | JPY 100 per face value of JPY 100 |
| 8. Redemption Price | JPY 100 per face value of JPY 100 |
| 9. Methods of Redemption | (1) Lump sum redemption at maturity
(2) As a general rule, Solasia shall make prepayments every calendar month to the extent of the cumulative amount paid by the Allottee to Solasia by exercise of the Warrants. The amount paid by the Allottee to Solasia by exercise of the Warrants is expected to be preferentially used for the redemption of the Bonds as long as the unpaid amount of the Bond remains. |
| 10. Allottee | Macquarie Bank Limited |

III. Summary of Warrant

The Warrants are contemplated to be issued pursuant to the following terms.

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| 1. Title | Series 14 warrant |
| 2. Allocation Date | March 4, 2024 |
| 3. Total Number of Warrants | 433,000 |
| 4. Issue Price | Total Amount: JPY 4,330,000 (JPY 10 per Warrant) |
| 5. Underlying Shares | 43,300,000 shares (100 shares per Warrant) |
| 6. Funding Amount | JPY 1,693,030,000 (estimated amount of proceeds excluding costs: JPY 1,673,030,000)
- Financing amount by issuance of Warrants: JPY 4,330,000
- Financing amount by exercise of Warrants: JPY 1,688,700,000 |
| 7. Exercise Price and Conditions for Move of Exercise Price | Initial exercise price: JPY 39
The exercise price of the Warrants shall move to the amount equivalent to 93% of the closing price of Solasia's common stock under the ordinary trading at the Tokyo Stock Exchange as of the trading day immediately prior to each move date, on or after the day following the date of issuance (if there is no closing price on the relevant day, the immediately prior closing price applies; to be calculated up to the first decimal point below the yen and fractions smaller than yen to be rounded down).
The exercise price of the Warrants shall not be less than JPY 21. |
| 8. Allottee | Macquarie Bank Limited |
| 9. Exercise Period | March 5, 2024 – March 4, 2027 |
| 10. Others | Solasia plans to conclude a purchase agreement (hereinafter referred to as the "Purchase Agreement") for the Warrants with the Allottee after the notification pursuant to the Financial Instruments and Exchange Act comes into effect.
Purchase Agreement is expected to include a provision providing that if the Allottee transfers the Warrants upon prior consent of the Board of Directors of Solasia, the transferee from the Allottee shall succeed all rights and obligations of the Allottee under the Purchase Agreement. |

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