

Solasia Announces Finance via Issuance of Unsecured Straight Bond and Warrant

Tokyo, Japan, February 14, 2022 – 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 3,422mn 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 3,422mn). The funds will be used for SP-02 adaptation expansion, development in China and other development, and in-licensing of new development products.

I. Detailed Use of proceeds

1. Adaptation expansion, Chinese development, and other development of SP-02: JPY 1,500mn

SP-02 cleared key outcomes (antitumor effect) in the final clinical trial for relapsed or refractory peripheral T-cell lymphoma. Based on the outcome, as announced on June 30, 2021, Solasia is currently undergoing the Marketing Authorization Application process with the Japanese Ministry of Health, Labour and Welfare for SP-02, which is expected to be approved and released to market in Japan by the end of this year. In addition, 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 the plan to expand its application to other cancers. For example, blood cancers ATLL (adult T-cell leukemia/lymphoma) and AML (acute myeloid leukemia) are among the candidates for which Solasia plans to allocate non-clinical and other development costs to expand the indications of SP-02. Solasia also plans to carry out development in China, where Solasia has its own distribution platform. Specifically, the funds will be used for clinical trials and other development costs related to relapsed or refractory peripheral T-cell lymphoma.

Solasia plans to allocate JPY 1,500mn out of the funds raised through this financing to these development investments from 2022 to 2024.

2. In-licensing of new development products: JPY 1,922mn

Among the products in our product and development portfolio, two products (Sancuso® (development code: SP-01) and episil® (development code: SP-03)) have been successfully developed and is already in the market. One product (SP-02) has completed clinical development and is in the process of seeking regulatory approval, and one product (SP-05) is scheduled for publication during the first half of this year of the Phase III clinical trial results topline data. On the other hand, in order to contribute to oncology by in-licensing and developing medicines to meet unmet medical needs, it is important to go beyond the two existing products and the three products under development, and to search for and in-license new products, which Solasia considers to be the key to our growth strategy. As one example, as announced on July 15, 2020, Solasia has acquired exclusive negotiating rights for the acquisition of rights of a candidate for the treatment of peritoneal dissemination, and Solasia plans to acquire the license for the candidate for the treatment of peritoneal dissemination and carry out its development after monitoring the development progress of the said candidate. In addition, Solasia continues to search for other new development products, and Solasia plans to realize in-licensing opportunities and make initial development investments in these new products. Solasia will also engage in other development activities while maintaining its business structures.

Over the period from 2022 to 2024, Solasia intends to use JPY 1,922mn of the proceeds to fund the in-licensing and development activities of these new development products and maintenance of its business structures.

Disclaimer:

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.

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, 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.

1. Title Solasia Pharma K.K. Series 2 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 2, 2022
5. Maturity Date March 4, 2024
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.

1. Title Series 13 warrant
2. Allocation Date March 2, 2022
3. Total Number of Warrants 330,000
4. Issue Price Total Amount: JPY 10,890,000 (JPY 33 per Warrant)
5. Underlying Shares 33,000,000 shares (100 shares per Warrant)
6. Funding Amount JPY 3,442,890,000 (estimated amount of proceeds excluding costs: JPY 3,422,890,000)
 - Financing amount by issuance of Warrants: JPY 10,890,000
 - Financing amount by exercise of Warrants: JPY 3,432,000,000
7. Exercise Price and Conditions for Move of Exercise Price Initial exercise price: JPY 104.
The exercise price of the Warrants shall move to the amount equivalent to 92% 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 57.
8. Allottee Macquarie Bank Limited
9. Exercise Period March 3, 2022 – March 4, 2024
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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