

February 14, 2023

To: All Concerned Parties

Company Name: Solasia Pharma K.K.  
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## **Notice Regarding Recording of Impairment Loss (consolidated) and Extraordinary Loss (non-consolidated) for the Fiscal Year Ended December 2022**

Solasia Pharma K.K. (the “Company”) hereby announces that at a meeting held today, its Board of Directors resolved to record an impairment loss on the consolidated financial statements for the fiscal year ended December 31, 2022 (“FY2022”) and business restructuring expenses as an extraordinary loss on the non-consolidated financial statements for the fiscal year as below.

### 1. Recording of impairment loss (consolidated accounting)

The sales volume of episil® (development code: SP-03), which went on sale in 2018, has substantially fallen below the Company’s initial expectations due to the impact of COVID-19. The pandemic has induced restrictions on the marketing activities of medical representatives, and the shelter-in-place orders and citywide lockdowns imposed in China intermittently in 2021 and 2022 reduced opportunities for cancer patients to receive medical treatments at hospitals. The Company evaluated the value of episil® in light of this situation and recorded an impairment loss for the balance of intangible assets of 231 million yen associated with the product in FY2022. In addition, as announced in November 2022, the Company also booked an impairment loss of 200 million yen for the intangible assets associated with SP-05. Note that because these impairment losses are booked for the previous investments in the development of episil® (SP-03) and SP-05 that were capitalized as intangible assets, they will not result in any outflow of funds.

### 2. Recording of extraordinary loss (non-consolidated accounting)

As previously announced, the Company dissolved its in-house sales structure in China in the third quarter of FY2022 and restructured its organization, reducing the number of employees on a consolidated basis from 77 (as of March 31, 2022) to 27 (as of December 31, 2022). As a result, the Company incurred a one-time expense of 311 million yen. This expense is treated as an SG&A item in consolidated accounting (IFRS) but is recorded as an extraordinary loss (business restructuring expenses) on the non-consolidated financial statements (J-GAAP).

### 3. Impact on consolidated earnings for FY2022

The impairment loss and business restructuring expenses above have been factored into the earning forecast for FY2022, which is included in the Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (released today).

#### 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.