



January 6, 2025

To: All Concerned Parties

Company Name: Solasia Pharma K.K.
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(Code number: 4597, TSE Growth)
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Solasia Announces Change in Sales Partner for episil in China

Solasia Pharma K.K. (headquarters: Minato-ku, Tokyo; President & CEO Yoshihiro Arai; hereinafter “the Company”) today announced that it had resolved at a meeting of its Board of Directors to change its sales partner in China, which has exclusive sales rights to episil oral liquid (development code: SP-03; hereinafter “episil”).

episil went on sale in China in July 2019, with the Company (Beijing, Shanghai, Guangzhou) and Lee’s Pharmaceutical (HK) Limited (headquarters: Hong Kong, China; hereinafter “Lee’s”) (other regions of China) undertaking sales activities. In August 2022, the Company transferred its own sales functions to Lee’s, which sold the product throughout China. However, sales of the product fell far short of the Company’s initial assumption. The Company therefore resolved to cancel the sales partner agreement with Lee’s and enter into a new sales partner agreement with Changchun GeneScience Pharmaceuticals Co., Ltd. (headquarters: China; hereinafter “GenSci”. The contracting party is Gensci Singapore Pte. Ltd., a wholly owned subsidiary of GenSci.).

sales functions for episil will be transferred to GenSci in the first quarter of fiscal year ending December 31, 2025. Thereafter, under the terms of the agreement with GenSci, the Company plans to supply the product to GenSci and will receive a signing fee payment and royalty payment from GenSci. No payment to Lee’s is expected to arise as a result of the cancellation of the sales partner agreement with Lee’s other than payment for the purchase of all remaining episil inventory held by Lee’s, which is expected to arise in the first quarter of fiscal year ending December 31, 2025. All of this inventory is scheduled to be sold to GenSci.

The Company abandoned its own sales operation of episil in China and booked impairment losses on intangible assets due to weak sales of the product. Having changed its sales partner to GenSci, the Company intends to utilize GenSci’s powerful sales network and advanced sales capabilities to progress episil penetration of the Chinese market and establish a structure for delivering product value to more patients. We will also aim to strengthen our partnerships, including with other business opportunities.

The Company believes that the change in the sales partner in China will contribute toward

improving its medium- to longer-term corporate value. For details on the impact on the Company's results for fiscal year ending December 31, 2024, please refer to the separate press release published today entitled "Solasia Provides Notice of Revision to Its Fiscal 2024 Earnings Forecast" Additionally, in accordance with the terms of the agreement with GenSci, the specific amount of the signing fee payment from this contract conclusion will not be disclosed. However, the portion of the signing fee payment to be recorded as sales revenue in FY2024 exceeds 20% of FY2023 sales revenue.

Summary of Changchun GeneScience Pharmaceutical Co., Ltd.

Headquarters	Changchun City, Jilin Province, China
Company Representative	Jiang Yun Tao
Business scope	Pharmaceutical R&D, Manufacturing, Sales/Marketing
Establishment	April 1997
Number of employees	6,800
Major shareholder	Chang Chun High-tech Industry (Group) Inc. 99.5%
Paid in Capital	CNY 73 million
FY 2023 business revenue	CNY 11 billion

GenSci, established in 1997, is a subsidiary of Changchun High-Tech Industries (Group) Co., Ltd. (stock code 000661 sz). As a pioneering genetic engineering pharmaceutical company, GenSci stands as Asia's largest manufacturing base for recombinant human growth hormone and the world's exclusive provider of a comprehensive range of recombinant human growth hormone products.

Driven by the vision of global leadership in pediatric and women's health, GenSci is dedicated to enhancing the well-being of children and women with innovative solutions for unmet medical needs. Leveraging its achievements, GenSci has expanded the product portfolio beyond its core strengths to include endocrinology, immunology, and oncology, addressing diverse healthcare challenges in today's complex landscape.

Today, GenSci has seamlessly integrated services, marketing, production, and R&D into a cohesive framework. Its global strategy has been marked by a strategic team layout in key regions, including the USA, Europe, and Singapore, reinforcing our commitment to offering unparalleled healthcare solutions to patients globally.

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 with regard to pharmaceuticals and medical devices (including products under development) is not provided for the purposes of advertising or medical advice.