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On **August 14, 2019**, Solasia Pharma K.K. announced earnings results for 1H FY12/19.

Cumulative	FY12/17				FY12/18				FY12/19	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	3	5	410	411	7	84	110	318	61	130
YoY	-98.5%	-97.5%	104.0%	-18.0%	133.3%	1580.0%	-73.1%	-22.6%	771.4%	54.8%
Gross profit	3	5	410	411	1	12	38	105	61	111
YoY	-98.5%	-97.5%	103.7%	-18.0%	-66.7%	140.0%	-90.7%	-74.4%	6000.0%	825.0%
GPM	100.0%	100.0%	100.0%	100.0%	14.3%	14.3%	34.5%	33.0%	100.0%	85.4%
R&D expenses	126	285	391	774	151	483	893	1,463	243	455
YoY	-19.2%	13.1%	10.5%	62.9%	19.8%	69.5%	128.4%	89.0%	60.9%	-5.8%
R&D ratio	4200.0%	5700.0%	95.5%	188.4%	2157.1%	575.0%	811.8%	460.1%	398.4%	350.0%
SG&A expenses	120	272	443	647	174	452	683	1,061	311	666
YoY	22.4%	34.0%	46.7%	32.6%	45.0%	66.2%	54.2%	64.0%	78.7%	47.3%
SG&A ratio	4000.0%	5440.0%	108.2%	157.5%	2485.7%	538.1%	620.9%	333.6%	509.8%	512.3%
Operating profit	-243	-553	-424	-1,010	-325	-923	-1,538	-2,420	-494	-1,010
YoY	-	-	-	-	-	-	-	-	-	-
OPM	-	-	-	-	-	-	-	-	-	-
Pre-tax profit	-247	-558	-430	-1,016	-325	-926	-1,549	-2,445	-500	-1,036
YoY	-	-	-	-	-	-	-	-	-	-
Pre-tax margin	-	-	-	-	-	-	-	-	-	-
Profit	-241	-545	-411	-1,007	-320	-916	-1,533	-2,422	-560	-1,093
YoY	-	-	-	-	-	-	-	-	-	-
Profit margin	-	-	-	-	-	-	-	-	-	-

Quarterly	FY12/17				FY12/18				FY12/19	
(JPYmn)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	3	2	403	1	7	77	26	208	61	69
YoY	-98.5%	100.0%	-	-99.6%	133.3%	3750.0%	-93.5%	15376.2%	771.4%	-10.4%
Gross profit	3	2	403	1	1	11	26	67	61	50
YoY	-98.5%	100.0%	-	-99.6%	-66.7%	450.0%	-93.5%	4885.1%	6000.0%	354.5%
GPM	100.0%	100.0%	100.0%	100.0%	14.3%	14.3%	34.5%	33.0%	100.0%	85.4%
R&D expenses	126	158	105	385	151	332	410	570	243	212
YoY	-19.2%	66.3%	2.9%	220.8%	19.8%	110.1%	290.5%	48.1%	60.9%	-36.1%
R&D ratio	4200.0%	7900.0%	26.1%	28645.8%	2157.1%	431.2%	1576.9%	274.0%	398.4%	307.2%
SG&A expenses	120	152	169	204	174	278	231	378	311	355
YoY	22.4%	46.2%	72.4%	10.3%	45.0%	82.9%	36.7%	85.2%	78.7%	27.7%
SG&A ratio	4000.0%	7600.0%	41.9%	15186.5%	2485.7%	361.0%	888.5%	181.7%	509.8%	514.5%
Operating profit	-243	-309	128	-585	-325	-598	-615	-882	-494	-516
YoY	-	-	-	-	-	-	-	-	-	-
OPM	-	-	31.8%	-	-	-	-	-	-	-
Pre-tax profit	-247	-311	127	-586	-325	-601	-623	-896	-500	-536
YoY	-	-	-	-	-	-	-	-	-	-
Pre-tax margin	-	-	31.5%	-	-	-	-	-	-	-
Profit	-241	-304	134	-596	-320	-596	-617	-889	-560	-533
YoY	-	-	-	-	-	-	-	-	-	-
Profit margin	-	-	33.3%	-	-	-	-	-	-	-

Source: Shared Research based on company data
Note: Figures in the table may differ from company data due to differences in rounding methods.
Note: The company adopted IFRS from FY12/14.

1H FY12/19 results (out August 14, 2019)

Earnings summary

1H FY12/19 results (January–June 2019)

- Revenue: JPY130mn (+54.8% YoY)
- Gross profit: JPY111mn (approx. 9.3x the figure in 1H FY12/18)
- Operating loss: JPY1.0bn (JPY923mn operating loss in 1H FY12/18)
- Pre-tax loss: JPY1.0bn (JPY926mn pre-tax loss in 1H FY12/18)
- Loss: JPY1.1bn (JPY916mn loss in 1H FY12/18)
- The company has not revised its earnings forecasts (indicated as a range) for FY12/19.

- Revenue: Mainly came from sales of pipeline products SP-01 and SP-03, and milestone payment upon obtaining approval of pipeline product SP-03 in China
- R&D spending: JPY455mn (-5.8% YoY) in 1H (January–June 2019); mainly development costs for SP-02 global Phase II clinical trials (pivotal study) and SP-04 global Phase III clinical trials (pivotal study) that began in December 2018
- SG&A expenses: JPY666mn (+47.3% YoY) in 1H, stemming from progress made in strengthening the personnel structure (primarily the sales force in China) and amortization of intangible assets listed below
- Capitalization of intangible assets: Intangible assets increased by JPY673mn during 1H as development costs were recognized as assets among pipeline investment outlays
- Amortization: JPY199mn in 1H; the company began amortizing intangible assets related to the Japanese business for pipeline product SP-03 and intangible assets related to pipeline product SP-01 from FY12/18

Progress with R&D pipeline

Progress toward commercialization of pipeline products

- Total pipeline investment: JPY1.1bn comprised of JPY673mn increase in intangible assets and JPY455mn in R&D expenses

Major development progress in 1H FY12/19

- SP-01 (China): Launched in March 2019
- SP-02 (Japan, South Korea, Taiwan, and Hong Kong): Conducting global Phase II clinical trials (expected to close in 2019)
- SP-03 (Japan): Listed on the NHI reimbursement price list in April 2018 (JPY7,520/bottle [10ml]), launched by Meiji Seika Pharma
- SP-03 (China): Obtained approval in February 2019, began shipment in June 2019, and launched in July 2019
- SP-04 (Japan, South Korea, Taiwan, and Hong Kong): Global Phase III clinical trials (pivotal study led by licensor PledPharma AB) under way

Pipeline code Estimated initial indication	Originator and partners	Pre-clinical study	Clinical study			NDA	Approval	Launch
			Phase I	Phase II	Phase III			
SP-01 **Sancuso®** Chemotherapy-induced nausea and vomiting	Originator: Kyowa Kirin (UK) Partners: Kyowa Kirin (Taiwan, other) Lee's Pharmaceutical (China) * Solasia Pharma's own sales force covers Beijing, Shanghai, and Guangzhou Distributor in China: Itochu Corporation	China (launched in March 2019) Taiwan, Hong Kong, other (by sublicensee Kyowa Kirin)						
SP-02 **darinaparsin** Peripheral T-Cell lymphoma	Originator: Ziopharm Oncology (US) Partners: Meiji Seika Pharma (Japan) HB Human BioScience (South America)	Japan, South Korea, Taiwan, Hong Kong China US Europe			(Phase II pivotal study in progress) (Phase II/III pivotal study in preparation) (Phase IIa completed) (Pre-clinical study completed)			
SP-03 [Medical device] **episil® oral liquid** Pain associated with oral mucositis (Chemotherapy) (Radiotherapy)	Originator: Camurus (Sweden) Partners: Meiji Seika Pharma (Japan) Lee's Pharmaceutical (China) * Solasia Pharma's own sales force covers Beijing, Shanghai, and Guangzhou Distributor in China: Itochu Corporation	Japan (launched in May 2018) China (launched in July 2019) South Korea (NMDA in March 2019)						
SP-04 **PledOx®** Chemotherapy-induced peripheral neuropathy	Originator: PledPharma (Sweden) Partners: --	Japan, South Korea, Taiwan, Hong Kong China			(Phase III study in progress) (Clinical studies in preparation)			

Source: Shared Research based on company data (as of August 2019)

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