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PRESS RELEASE

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(Ticker code: 4579)

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Notice Concerning Revision to Full-Year FY12/20 Consolidated Earnings Forecast

August 14, 2020 - RaQualia Pharma Inc. (RaQualia) announced today that the Company revised its consolidated earnings forecasts for full-year FY12/20 (January 1,2020 - December 31,2020), which were previously published on February 14,2020, as shown below.

1. Revisions to full-year FY12/20 (January 1,2020 - December 31,2020) Consolidated Forecasts

	Net sales	Operating profit	Ordinary profit	Net profit attributable to owners of parent	Earnings per share
	million yen	million yen	million yen	million yen	
Previous forecasts (A)	2,192	70	85	13	0.67
Current forecasts(B)	1,579	△260	△256	△333	△15.93
Change (B-A)	△549	△330	△341	△347	—
Change (%)	△25.8	—	—	—	—
Ref.:Previous results (FY2019)	1,702	△15	21	5	0.26

2. Reasons for revision

In view of the impacts caused by the Novel Coronavirus (COVID-19) outbreak (hereinafter referred to as “COVID-19”) and its business performance trends up to the second quarter ended June 30, 2020, the Company is revising its consolidated forecasts for the full fiscal year ending December 31, 2020, previously released on February 14, 2020.

The key factors of change are as follows;

Regarding operating revenue, it is decreased by 549 million yen (declined 25% from the previous forecasts) after considering the slowdown in sales of pet pharmaceuticals(declined 24% from the previous forecasts) and the impact on the out-licensing of pharmaceutical products(declined 50% from the previous forecasts), caused by the COVID-19 outbreak.

Regarding operating expenses, miscellaneous expenses decreased by 218 million yen(declined 11% from the previous forecasts) due to the delay in experiments on contract and the reduction in the out-licensing expenses(declined 30% from the previous forecasts), caused by the COVID-19 outbreak, in addition to the decrease in the payment of royalty(declined 30% from the previous forecasts).

In consequence, the Company revised its forecasts of Business revenue to ¥1,579 (the previously published forecast was ¥2,192 million),its Operating loss to ¥260 million (the previously published forecast was ¥70 million profit), its Ordinary loss to ¥256 million (the previously published forecast was ¥85 million profit), and

its Net loss attributable to owners of parent to ¥333 million (the previously published forecast was ¥13 million profit).

*Note concerning forward-looking statements The above forecasts are based on information available at the time of announcement. Actual results may differ from these projections due to various factors that may arise going forward.

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