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PRESS RELEASE

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(Ticker code: 4579)

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Notice Regarding the Recording of Non-Operating Revenues and Non-Operating Expenses (Foreign Exchange Losses) and Revision of the Full-Year Consolidated Earnings Forecast

February 2, 2021 - 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 December 28, 2020, as shown below.

1. Details of non-operating income (interest on securities)

In the fourth quarter (October 1, 2020 - December 31, 2020), the Company recorded interest on securities of 5 million yen as non-operating income from interest income on foreign currency-denominated bonds held. In the current consolidated fiscal year (January 1, 2020 - December 31, 2020), interest on securities of 28 million yen will be recorded.

2. Details of non-operating expenses (exchange loss)

In the fourth quarter (October 1, 2020 - December 31, 2020), the Company recorded a foreign exchange loss of 30 million yen as a non-operating expense due to a foreign exchange loss caused by fluctuations in the foreign exchange rate. In the current consolidated fiscal year (January 1, 2020 to December 31, 2020), a foreign exchange loss of 75 million yen will be recorded. This is mainly for foreign currency-denominated deposits and accounts receivable held by the Company, and will change depending on future exchange rate conditions.

3. 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)	852	△753	△759	△843	△40.24
Current forecasts (B)	1,107	△486	△527	△606	△28.97
Change (B-A)	255	267	232	237	—
Change (%)	29.9	—	—	—	—
Ref.: Previous results (FY2019)	1,702	△15	21	5	0.26

4 . Reasons for revision

The key factors of change are as follows.

With regards to operating revenues for FY12/2020, it is expected to increase by 255 million yen from the previously announced forecast (up 29.9% compared to the forecast). This is mainly due to strong sales of tegoprazan in South Korea despite the spread of the novel coronavirus infection, and sales royalties increasing by more than 30% from the previously announced forecast. With regards to operating expenses, due to a decrease of 12 million yen from the previously announced forecast in R&D expenses such as outsourcing testing and patent costs (down 0.1% compared to the forecast), operating profit is expected to increase by 267 million yen from the previously announced forecast (up 35.5% compared to the forecast). With regards to non-operating profit or loss, as the yen strengthens, foreign exchange losses are expected to increase by 31 million yen, and ordinary profit is expected to increase by 232 million yen from the previously announced forecast (up 30.6% compared to the forecast).

In consequence, the Company revised its forecasts for the fiscal year ending December 31, 2020: Net sales to ¥1,107 million (the previously published forecast was ¥852 million), its Operating loss to ¥486 million (the previously published forecast was ¥753 million loss), its Ordinary loss to ¥527 million (the previously published forecast was ¥759 million loss), and its Net loss attributable to owners of parent to ¥606 million (the previously published forecast was ¥843 million loss).

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*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.