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PRESS RELEASE

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(Ticker code: 4579)

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Notice Regarding the Revision of the Medium-Term Management Plan

Based on the “Notice Regarding the Recording of Non-Operating Revenues and Non-Operating Expenses (Foreign Exchange Losses) and Revision of the Full-Year Consolidated Earnings Forecast” that was announced on February 2, 2021, and based on recent business trends, with regards to the Medium-Term Management Plan for the Fiscal Years Ending Dec. 2020-2022 (Gaia 2021) that was announced on December 28, 2020, RaQualia would like to announce the following revisions.

1. Revisions of business forecasts

【Revised forecast】

(Unit: Millions of yen)

	Net sales	Operating cost	Operating profit (△)	Ordinary profit (△)	Net profit attributable to owners of parent (△)
FY2019 (result)	1,702	1,715	△15	21	5
FY2020 (Plan)	<u>1,107</u>	<u>1,593</u>	<u>△486</u>	<u>△527</u>	<u>△606</u>
FY2021 (Target)	2,700	2,331	369	376	319
FY2022 (Target)	2,532	2,154	377	392	326

【Previous forecast】 Previous announcement: December 28, 2020

(Unit: Millions of yen)

	Net sales	Operating cost	Operating profit (△)	Ordinary profit (△)	Net profit attributable to owners of parent (△)
FY2019 (result)	1,702	1,715	△15	21	5
FY2020 (Plan)	<u>852</u>	<u>1,605</u>	<u>△753</u>	<u>△759</u>	<u>△843</u>
FY2021 (Target)	2,700	2,331	369	376	319
FY2022 (Target)	2,532	2,154	377	392	326

2. Reasons for revision

As a result of considering the “Notice Regarding the Recording of Non-Operating Revenues and Non-Operating Expenses (Foreign Exchange Losses) and Revision of the Full-Year Consolidated Earnings Forecast” that was announced on February 2, 2021, and considering recent business trends, RaQualia has revised the “Medium-Term Management Plan for the Fiscal Years Ending Dec. 2020-2022 (Gaia 2021)” that was announced on December 28, 2020.

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).

With regards to FY12/2021 and FY12/2022, it is currently under review and the previous earnings forecast remains unchanged. RaQualia assumes that the effects of the novel coronavirus infection will continue during the period of this Medium-Term Management Plan (FY12/2020 - FY12/2022)

At present, it is difficult to predict the impact of the COVID-19 infection on our group's medium- to long-term business results, as currently we cannot predict the timing for the end of the COVID-19 pandemic. In the future, if there is a need for a revision due to changes in the situation for the COVID-19 pandemic, or changes in the business environment, we will promptly disclose it.

*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.

End of document

(revisions)

Change	Previous	Revised
Forecast for FY2020(P4)	(※in the table) FY2020 (Plan) Operating revenues <u>852</u> Operating expenses and operating costs <u>1,605</u> Operating income(loss) <u>(753)</u> Ordinary income(loss) <u>(759)</u> Profit(loss) attributable to owners of the parent company <u>(843)</u>	(※in the table) FY2020 (preliminary) Operating revenues <u>1,107</u> Operating expenses and operating costs <u>1,593</u> Operating income(loss) <u>(486)</u> Ordinary income(loss) <u>(527)</u> Profit(loss) attributable to owners of the parent company <u>(606)</u>

Change	Previous	Revised
Medium-Term Management Plan(Gaia 2021) Overview(P9)	FY2020 (Forecast) Operating revenues <u>852</u> Operating cost <u>1,605</u> (Labor costs) <u>667</u> (R&D expenses) <u>246</u> Operating income(loss) <u>(753)</u> Ordinary income(loss) <u>(759)</u> Profit(loss) attributable to owners of the parent company <u>(843)</u> Foreign exchange rates (U.S. dollars and Japanese yen) <u>105.00</u>	FY2020 (Preliminary) Operating revenues <u>1,107</u> Operating cost <u>1,593</u> (Labor costs) <u>666</u> (R&D expenses) <u>239</u> Operating income(loss) <u>(486)</u> Ordinary income(loss) <u>(527)</u> Profit(loss) attributable to owners of the parent company <u>(606)</u> Foreign exchange rates (U.S. dollars and Japanese yen) <u>103.52</u>
Changes in business earnings (P10)	(※Change the value of the bar chart) 2020 (Forecast) <u>852</u>	(※Change the value of the bar chart) 2020 (Forecast) <u>1,107</u>
Overview of expenses (P11)	FY2020 (Forecast) ① Operating costs <u>121</u> ② Operating expenses <u>1,483</u> Labor costs <u>667</u> R&D expenses) <u>246</u> Administrative and Control expenses <u>219</u> Facility-related expenses <u>221</u> Others <u>130</u> Total(①+②) <u>1,605</u>	FY2020 (Forecast) ① Operating costs <u>138</u> ② Operating expenses <u>1,455</u> Labor costs <u>666</u> R&D expenses) <u>239</u> Administrative and Control expenses <u>206</u> Facility-related expenses <u>216</u> Others <u>128</u> Total(①+②) <u>1,593</u>

*Please refer to the following pages for the “Medium-Term Management Plan for the Fiscal Years Ending Dec. 2020-2022 (Gaia 2021) (Revision)”. Since this revision is limited to the revision of the full-year consolidated earnings forecast for FY12/2020, only four pages, P6 and P12-P14, are included.

*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.