

January 22, 2021

PRESS RELEASE

Company: RaQualia Pharma Inc.

(Ticker code: 4579)

Representative: Representative Director Naoki Tani

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Dissolution of Consolidated Subsidiary and Debt Waiver

RaQualia Pharma Inc. (the Company) today announced that it was resolved to dissolve its consolidated subsidiary, RaQualia Innovations Inc., and to partially abandon the loan to the RaQualia Innovations Inc.(RQI) at the board of directors meeting held on January 22, 2021.

1. Reason for dissolution and debt waiver

RQI, a consolidated subsidiary of the Company, was established in December 2018 with the aim of further growth and enhancement of social value of the Company. Since its establishment, RQI has facilitated collaborations by building a universe (cluster) of drug candidate compounds from academia researchers and providing optimal solutions for maximizing the business value of bio-ventures. As a result, certain achievements such as technology development support, implementing intellectual property strategies and exit strategy proposals were made by utilizing the Company's drug discovery platform. Judging from the recent business environment, however, the board of directors of the Company agreed that it would be difficult for RQI to continue its business and decided to dissolve RQI. In addition, since it is difficult to collect the loan to RQI, that is currently insolvent, the board of the Company has decided to waive the debt up to the amount of insolvency due to the dissolution of RQI. The Company plans to take over the venture support projects that the RQI has undertaken, seeking potential collaboration with the Company.

2. Outline of Subsidiary

(1)	Name	RaQualia Innovations Inc.	
(2)	Location	1-3-2 Kyobashi Chuo-ku, Tokyo 104-0031, JAPAN	
(3)	Representative	Representative Director Kiichiro Kawada (the Company's director)	
(4)	Business Activities	Pharmaceutical R&D support	
(5)	Share Capital	5 million yen (Total Investment: 10 million yen)	
(6)	Date of establishment	December 7, 2018	
(7)	Major shareholders and Shareholding ratio	RaQualia 100%	
(8)	Relation with RaQualia	Capital relationship	A fully owned subsidiary of the Company (100% shareholding)
		Personnel relationship	A director of the Company concurrently serves as a director of RaQualia Innovations Inc.,
		Status of related parties	RaQualia Innovations Inc., is a consolidated subsidiary of the Company, and therefore, is a related party of the Company.

(9) Business performance and financial position for the most recent 3 years			
Fiscal year	FY2018	FY2019	FY2020
Net assets	9	(7)	(26)
Total assets	10	95	76
Net assets per share	47,198.20 yen	(36,372.10) yen	(131,212.99) yen
Net sales	0	0	0
Operating income(loss)	(0)	(16)	(15)
Ordinary income(loss)	(0)	(16)	(16)
Profit(loss) attributable to owners of the parent company	(0)	(16)	(18)
Earning per share	(2,801.81) yen	(83,570.29) yen	(94,840.89) yen
Dividend per share	0.00 yen	0.00 yen	0.00 yen

(Unit:Millions of yen)

3. Dissolution schedule

- (1) January 22, 2021;Resolution at a meeting of the Company's board of directors
- (2) January 22, 2021;Resolution at an extraordinary general meeting of shareholders of RQI
- (3) January 22, 2021;Date of dissolution
- (4) End of March in 2021(scheduled); Completion of liquidation

4. Details of Debt Waiver

- (1) Type and Amount of Debt Waiver:Long-term loan 29 million yen
- (2) Date of Debt Waiver:January 22, 2021

5. Impact on business performance

This debt waiver for the consolidated subsidiary will not affect the consolidated business results of the Company. Although the impact of the dissolution and liquidation of the RQI on the consolidated business results would be minor, the Company will promptly notify any matters that should be announced in the future.

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