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PRESS RELEASE

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RaQualia Announces Receipt of Milestone Payment from Aratana

January 24, 2017 (US time) - Elanco Animal Health, a division of Eli Lilly and Company (hereinafter called "Elanco"), and Aratana Therapeutics Inc. (hereinafter called "Aratana") have announced that Galliprant[®] (EP₄ antagonist /grapiprant/RQ-00000007/AT-001, hereinafter called "Galliprant") is now available for the management of pain and inflammation associated with canine osteoarthritis (OA) in the USA. Under the terms of licensing agreement with Aratana, RaQualia will receive a milestone payment upon this achievement.

"OA is one of the most common causes of chronic pain in dogs—and there is no cure," stated Dr. Tony Rumschlag, Director of Regional Consulting Veterinarians for Elanco. "However, early diagnosis and intervention to control pain and inflammation can help give arthritic dogs improved quality of life. With Galliprant, we have a medication that provides targeted pain relief from the earliest diagnosis of canine OA, while reducing the impact on gastrointestinal (GI), kidney and liver homeostasis."

"We are pleased to announce the launch of Galliprant in the USA and look forward to delivering a new medication to dogs with OA and their owners. Since its discovery in the former Pfizer Central Research (Japan), research and development for Galliprant have been continued at RaQualia. Positioned as a first-in-class EP₄ antagonist, Galliprant is the first commercialized product for RaQualia. We expect that the sales of Galliprant will be expanded in the USA and the product will be introduced to other markets including Europe," said Mr. Naoki Tani, President and CEO of RaQualia.

RaQualia concluded a worldwide exclusive licensing agreement with Aratana for the EP₄ antagonist to commercialize for companion animals in December 2010. RaQualia will record the milestone income as business revenue for the fiscal year ending December 31, 2017 (FY2017) along with the receipt of a royalty payment from Aratana on the sales of Galliprant. The details of the income are undisclosed due to contractual restrictions.

RaQualia will continue its efforts to align with Aratana to ensure a sustainable royalty income and potential milestones in other marketplaces.

Evaluation of the financial impact on the non-consolidated business results for FY2017 is underway. The result will be included in the 2017 business forecasts to be announced on February 10, 2017.

For further details, please refer to Aratana's website:

<http://aratana.investorroom.com/2017-01-24-Galliprant-R-grapiprant-tablets-Now-Available-for-Canine-Osteoarthritis>

Galliprant® Product Information (PDF):

http://mma.prnewswire.com/media/460709/GALLIPRANT_PI_240x220mm_1Jun16_ID_369cd0031dc6.pdf

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