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Securities Code 4579

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Hirobumi Takeuchi
Representative Director
RaQualia Pharma Inc.
1-21-19 Meieki Minami,
Nakamura-ku, Nagoya,
Aichi Prefecture, Japan

CONVOCATION NOTICE OF THE 16TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We are pleased to announce the 16th Ordinary General Meeting of Shareholders (the “Meeting”) of RaQualia Pharma Inc. (the “Company”) to be held as indicated below.

In holding the Meeting, the Company provides information that constitutes the content of Reference Materials for the Ordinary General Meeting of Shareholders, etc. (“Electronically Provided Items”) in an electronic format. As the information is posted in each of the websites on the internet below, please access any of the websites and confirm the information.

[The Company’s website]

<https://www.raqualia.com/ja/index.html> (in Japanese)

(Please access the website above, and choose “IR Information,” “Stock Information,” and then “General Meeting of Shareholders,” to confirm the information.)

[The Tokyo Stock Exchange’s website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Please access the TSE’s website above, search for the Company by putting “RaQualia Pharma” in the “name of stock (name of company)” or the securities code “4579” in “code,” select “basic information” and “documents for public inspection/PR information,” and confirm the information in the list of “notices of general shareholders meeting/informational materials for a general shareholders meeting” in the “documents for public inspection.”)

In the event that you are unable to attend the meeting, you may exercise your voting rights in advance either in writing (by mail) or via the Internet. Please review the Reference Materials for the Ordinary General Meeting of Shareholders and exercise your voting rights no later than 5:30 p.m., Monday, March 25, 2024 (Japan Standard Time).

- 1. Date and Time:** March 26, 2024 (Tuesday) at 10:30 a.m. (Reception desk is scheduled to open at 9:30 a.m.)
- 2. Place:** Sakae Gas Hall, Sakae Gas Building 5F,
3-15-33 Sakae, Naka-ku, Nagoya, Aichi Prefecture, Japan
- 3. Meeting Agenda:**
Report matters:
 1. The Business Report and the Consolidated Financial Statements for the 16th Fiscal Year (January 1, 2023 to December 31, 2023), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
 2. Non-consolidated Financial Statements for the 16th Fiscal Year (January 1, 2023 to December 31, 2023)
Resolution matters:
Proposal: Election of Four (4) Directors (excluding Directors Serving on the Audit and Supervisory Committee)
- 4. Guidance for Exercising Voting Rights** Please refer to the “Guidance for Exercising Voting Rights.”

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- If you plan to attend the Meeting, please submit the enclosed Voting Right Exercise Form to the receptionist at the Meeting.
 - If any amendments are made to the Electronically Provided Items, the Company will post the items before and after the amendments on each of the internet websites above.
 - To the shareholders who requested the delivery of paper-based documents, the Company has sent the documents that contain the Electronically Provided Items. However, in accordance with laws and ordinances and Article 18, Paragraph 2 of the Articles of Incorporation, the following documents are not posted in those documents: System for Ensuring the Appropriateness of Business Operations and Summary of Status of Implementation of System (Internal Control System) for Ensuring the Appropriateness of Business Operations in the Business Report; the Consolidated Statement of Changes in Equity, the Basis of Preparing Consolidated Financial Statements and Other Notes in the Consolidated Financial Statements; and Non-consolidated Statement of Changes in Equity and Significant Accounting Policies and Other Notes in the Non-consolidated Financial Statements. Therefore, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements attached thereto constitute a part of the documents audited by the Accounting Auditor to prepare the Accounting Audit Report and those audited by the Audit and Supervisory Committee to prepare the Audit Report.

Business Briefing for Shareholders

After this Ordinary General Meeting of Shareholders, we will continue to hold a Business Briefing for Shareholders to explain our medium-term strategies and other matters to our shareholders. The Business Briefing for Shareholders will be broadcast live on the Internet following this Ordinary General Meeting of Shareholders.

- 1. Date and Time:** March 26, 2024 (Tuesday), after the Ordinary General Meeting of Shareholders (scheduled for about 30 minutes)
- 2. Place:** The same venue as this Ordinary General Meeting of Shareholders

Please note that the above Business Briefing for Shareholders is intended for shareholders who will attend this Ordinary General Meeting of Shareholders or view it via live webcast.

For details on how to watch the live webcast, please refer to [Information on Live Webcast and Pre-Q&A Reception].

Guidance for Exercising Voting Rights

Exercise of voting rights at the Meeting is shareholders' important right. Please review the attached Reference Materials for the Ordinary General Meeting of Shareholders and exercise your voting rights.

You may exercise your voting rights by the following three methods.

Voting via the Internet

Please enter your vote "for" or "against" for each of the proposals by following the guidance on the next page.

Deadline: **All data entry to be completed no later than 5:30 p.m., Monday, March 25, 2024 (Japan Standard Time)**

Voting in Writing (by Mail)

Please indicate "for" or "against" for each of the proposals in the Voting Right Exercise Form.

Deadline: **To be received no later than 5:30 p.m., Monday, March 25, 2024 (Japan Standard Time)**

Attending the Meeting

Please submit the Voting Right Exercise Form to the receptionist at the Meeting.

Date and Time: **March 26, 2024 (Tuesday) at 10:30 a.m.**
(Reception desk is scheduled to open at 9:30 a.m.)

How to Fill out the Voting Right Exercise Form

Proposal

- If you approve of all of the candidates:
Put a circle in the box marked 賛 [For]
- If you disapprove of all of the candidates:
Put a circle in the box marked 否 [Against].
- If you disapprove of some of the candidates:
Put a circle in the box marked 賛 [For] and indicate the number of the candidate that you disapprove.

If there is no indication of approval or disapproval of the Proposals on the Voting Right Exercise Form, it shall be deemed that it indicates approval.

If you exercise voting rights in duplicate, both in writing (by mail) and via the internet, the voting rights exercised via the internet shall be deemed effective. Also, if you exercise voting rights several times via the internet, only your final vote shall be deemed effective.

Guidance for Exercising Voting Rights via the Internet

By scanning the QR Code (“smart voting”)

You can login to the website for exercising voting rights without entering the voting right exercise code and password.

1. Please scan the QR Code printed on the Voting Right Exercise Form at the bottom right.
 - * QR Code is a registered trademark of DENSO WAVE INCORPORATED.
2. Then please follow the on-screen instructions to enter your vote “for” or “against” for each of the proposals.

The exercise of voting right by “smart voting” is available only once.
In case if you want to change your vote after exercising your voting right, please access the website for a personal computer and login by entering the “voting right exercise code” and “password” supplied on the Voting Right Exercise Form, to exercise your voting right again.
* You will be transferred to the website for a personal computer by scanning the QR Code again.

By entering the voting right exercise code and password

Website for exercising voting rights: <https://www.web54.net> (in Japanese)

1. Please access the website for exercising voting rights.
 - Click “Proceed to the next”
2. Please enter the “voting right exercise code” supplied on the Voting Right Exercise Form.
 - Enter the “voting right exercise code”
 - Click “Login”
3. Please enter the “password” supplied on the Voting Right Exercise Form.
 - Enter the “initial password”
 - Enter the new password that you will actually use
 - Click “Register”
4. Then please follow the on-screen instructions to enter your vote “for” or “against” for each of the proposals.

In case you need instructions for how to operate your personal computer/smartphone/mobile phone in order to exercise your voting rights via the internet, please contact:

Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Agency Web Support (dedicated line)
Telephone: 0120-652-031 (toll free, available only in Japan) (Support in Japanese only)
[9:00 a.m. to 9:00 p.m. (Japan Standard Time)]

Reference Materials for the Ordinary General Meeting of Shareholders

Proposal: Election of Four (4) Directors (excluding Directors Serving on the Audit and Supervisory Committee)

The terms of office of all four (4) Directors (excluding Directors serving on the Audit and Supervisory Committee; the same shall apply hereinafter in this proposal) will expire upon conclusion of this Meeting. Therefore, it is proposed that four (4) Directors be elected.

The candidates for Directors are as follows.

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
1	Hirobumi Takeuchi (Dec. 21, 1971)	<p>Apr. 1994 Joined Kyowa Co., Ltd.</p> <p>Feb. 2004 Joined Skylight Biotech, Inc. General Manager, Sales Department</p> <p>Sep. 2005 Director in charge of Business Promotion and Finance</p> <p>Jul. 2006 Director and CFO in charge of Administrative Division</p> <p>May 2009 Joined Sumisho Realty Management Co., Ltd. Manager, Administration Department</p> <p>Jan. 2013 Joined Cyfuse Biomedical K.K. Board Director in charge of Corporate Planning and Business Administration</p> <p>Jan. 2014 Joined the Company Assistant General Manager, Accounting Department</p> <p>Apr. 2014 General Manager, Accounting Department</p> <p>Oct. 2014 General Manager, Finance and Accounting Department, Finance and Corporate Planning Division</p> <p>Apr. 2018 President, UBiENCE Inc.</p> <p>Mar. 2021 Joined the Company Representative Director (to present)</p> <p>Mar. 2021 President and CEO, TMRC Co., Ltd. (to present)</p> <p>Jun. 2021 Director, UBiENCE Inc. (to present)</p> <p><Important concurrent position> President and CEO, TMRC Co., Ltd. Director, UBiENCE Inc.</p>	11,331 shares
<p>[Reason for the nomination as candidate for Director]</p> <p>Mr. Hirobumi Takeuchi has abundant business experience and knowledge of corporate management and finance as a bioventure manager. After joining the Company in 2014, he played a central role in formulating plans, including the reduction of business expenses as a member of the turnaround team. He has also served as the Company's Representative Director since March 2021, and has demonstrated his ability in the top management of the Company. Expecting that he will continue to manage the Company based on the perspectives of growth, efficiency, and shareholder returns, he has once again been nominated as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
2	Michihiro Tsuchiya (Jul. 12, 1947)	<p>Apr. 1976 Joined Tanabe Seiyaku Co., Ltd. (currently Mitsubishi Tanabe Pharma Corporation)</p> <p>Jun. 2001 Director, General Manager, Corporate Strategic Planning Department</p> <p>Jun. 2003 Managing Director, Research Headquarters</p> <p>Jun. 2006 Representative Director, Senior Executive Corporate Officer, Research Headquarters</p> <p>Oct. 2007 Board Director, Executive Vice President, Mitsubishi Tanabe Pharma Corporation</p> <p>Jun. 2008 Director, Mitsubishi Chemical Holdings Corporation (currently Mitsubishi Chemical Group Corporation)</p> <p>Jun. 2009 President & Representative Director, Mitsubishi Tanabe Pharma Corporation</p> <p>Jun. 2014 Chairman of the Board & Representative Director</p> <p>Jun. 2016 Chairman of the Board & Director</p> <p>Jun. 2017 Senior Executive Adviser</p> <p>Jun. 2018 Outside Director, Sumitomo Electric Industries, Ltd. (to present)</p> <p>Jun. 2018 Outside Director, Kyoto University Innovation Capital Co., Ltd.</p> <p>Mar. 2020 Outside Director, the Company (to present)</p> <p><Important concurrent position> Outside Director, Sumitomo Electric Industries, Ltd.</p>	– shares
<p>[Reason for selection as candidate for Outside Director and outline of expected role]</p> <p>Mr. Michihiro Tsuchiya has abundant experience as a senior manager and broad insight into global operations. Expecting to utilize Mr. Tsuchiya's knowledge in the senior management of the Company, so that he may promote further revitalization of the Board of Directors, improve transparency of senior management and strengthen corporate governance, he has once again been nominated as a candidate for Outside Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
3	Masaki Sudo (Jul. 29, 1971)	<p>Apr. 1996 Joined TEIJIN LIMITED</p> <p>Sep. 1999 Joined Pfizer Seiyaku K.K. (currently Pfizer Japan Inc.)</p> <p>Apr. 2004 Principal Scientist, Discovery Chemistry, Pfizer Global Research and Development Nagoya Laboratories</p> <p>Apr. 2006 Senior Principal Scientist, Discovery Chemistry, Pfizer Global Research and Development Nagoya Laboratories</p> <p>Jul. 2008 Joined the Company Principal Scientist, Research Division</p> <p>Oct. 2012 General Manager, Chemistry Research Department, Discovery Research Division</p> <p>Apr. 2016 Designated Associate Professor, Institute of Transformative Bio-Molecules, Nagoya University</p> <p>Jul. 2018 Visiting Professor, Nagoya University</p> <p>Jul. 2018 Manager, Business Planning Office, Stem Cell & Device Laboratory, Inc.</p> <p>Jan. 2020 Chief Manager, Business Development Department</p> <p>Jun. 2021 Joined the Company General Manager, Business Strategy Department</p> <p>Oct. 2021 Vice President (in charge of Administration and Corporate Planning & Strategy)</p> <p>Mar. 2022 Director (to present)</p> <p>Apr. 2023 Vice President (in charge of Business Management) (to present)</p>	16,847 shares
<p>[Reason for the nomination as candidate for Director]</p> <p>As Director and Vice President (in charge of Business Management), Mr. Masaki Sudo has been involved in overseeing the Administration Division, including human resources and general affairs, formulation of medium-term management plans, and investor relations, as well as in the formulation and implementation of strategies for the entire Company. Expecting that, going forward, Mr. Sudo will continue to plan and implement the Company's growth strategy, he has once again been nominated as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
4	Katsuhiro Uto (Mar. 31, 1974)	<p>May 2005 Joined Nippon Boehringer Ingelheim Co., Ltd.</p> <p>Jan. 2013 Joined Asahi Kasei Pharma Corporation Senior Researcher</p> <p>Jul. 2013 A unit leader, Pharmacology Research Department</p> <p>May 2017 Joined Maruho Co., Ltd.</p> <p>Oct. 2018 Project Manager, Project Management Unit</p> <p>Jun. 2020 Project Manager, Research Planning and Strategy Office, Drug Discovery Research Department</p> <p>Jan. 2021 Joined the Company General Manager, Research Planning, Discovery Research</p> <p>Mar. 2021 Vice President (in charge of Research Planning)</p> <p>Mar. 2022 Vice President (in charge of Discovery Research) Director (to present)</p> <p>Apr. 2023 Vice President (in charge of Research and Development) (to present)</p>	8,454 shares
<p>[Reason for the nomination as candidate for Director]</p> <p>As Director and Vice President (in charge of Research and Development), Mr. Katsuhiro Uto has demonstrated his prowess in research and development that is central to drug development and research, the Company's core business. Expecting that Mr. Uto will perform roles that are central to research and development to continue to achieve results, he has once again been nominated as a candidate for Director.</p>			

- (Notes)
1. No conflict of special interests exists between the Company and each candidate.
 2. Mr. Michihiro Tsuchiya is a candidate for Outside Director.
 3. Mr. Michihiro Tsuchiya's tenure as Outside Director of the Company will be four (4) years at the conclusion of this Ordinary General Meeting.
 4. The Company has designated Mr. Michihiro Tsuchiya as an independent officer based on the regulations stipulated by the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange accordingly. If the reelection of Mr. Tsuchiya is approved, the Company will designate him again as an independent officer.
 5. Under the provision of Article 427, Paragraph 1, of the Companies Act, the Company has entered into an agreement with Mr. Michihiro Tsuchiya to limit his liability for damages specified in Article 423, Paragraph 1 of the said Act. The maximum amount of liability for damages under the agreement shall be the amount provided for by laws and ordinances. If the reelection of Mr. Tsuchiya is approved, the Company plans to continue this agreement with him.
 6. The Company has entered into a contract of Directors and Officers Liability Insurance (D&O Insurance) with an insurance agency, as provided for in Article 430-3, Paragraph 1 of the Companies Act. This insurance policy covers damages from claims, etc. borne by the insured persons pertaining to the pursuit of liability arising in the course of execution of duties. The candidates for the reappointment will continue to be included as the insured persons in this insurance policy. Furthermore, the Company plans to renew this insurance policy with the same details at the time of the next renewal.

[For Reference] Skills Matrix for Candidates for Directors

What is a skills matrix?

A skills matrix is a list of the combination of “skills” and “diversity” of each Director in terms of knowledge, background, and experience to enable the Board of Directors to fulfill its supervisory function. The purpose of the matrix is to contrast the knowledge and experience of current and prospective Directors with those required by the Company in light of its management strategy, and to disclose the balanced composition of the Board of Directors as a whole and the appropriateness of the appointment of Directors in accordance with the management strategy.

The Company nominates candidates for Directors in consideration of the balance and diversity of their knowledge, experience, capabilities, etc. If the Proposal of this Meeting is approved as proposed, the skills matrix of each Director will be as follows:

Name		Areas in which the skills are expected to be particularly effective					
		Corporate Management	R&D	Business Strategy Marketing	Finance Accounting	Legal Intellectual Property	Corporate Governance
Hirobumi Takeuchi		•		•	•	•	
Michihiro Tsuchiya	Outside Director	•	•	•			•
Masaki Sudo			•	•		•	
Katsuhiro Uto			•				
Kosuke Ishii	Outside Director Audit and Supervisory Committee Member				•		
Yuichi Kakinuma	Outside Director Audit and Supervisory Committee Member					•	•
Megumi Uzu	Outside Director Audit and Supervisory Committee Member		•	•			

With respect to the items for corporate management and corporate governance, there are some differences between the skills matrix for this year and the one from last year. The item for corporate management is limited to two persons who have experience as a representative director of a listed company and the item for corporate governance is limited to Outside Directors who have experience as a representative director of a listed company or who are an attorney at law. This change was implemented as a measure to further clarify the skills of the candidates for Directors.

Consolidated Financial Statements

Consolidated Balance Sheet

(Thousands of yen)

Account title	16th Fiscal Year (As of December 31, 2023)	Account title	16th Fiscal Year (As of December 31, 2023)
Assets		Liabilities	
Current assets	4,956,894	Current liabilities	389,313
Cash and deposits	3,714,984	Accounts payable - trade	54,174
Accounts receivable - trade, and contract assets	603,196	Current portion of long-term borrowings	12,620
Securities	49,754	Lease liabilities	64,301
Work in process	1,713	Accounts payable - other	158,888
Supplies	146,226	Accrued expenses	54,197
Advance payments to suppliers	66,600	Income taxes payable	19,687
Prepaid expenses	188,128	Deposits received	3,502
Other	186,290	Other	21,941
Non-current assets	1,915,077	Non-current liabilities	362,215
Property, plant and equipment	573,608	Long-term borrowings	39,050
Buildings	157,866	Lease liabilities	251,747
Tools, furniture and fixtures	1,124,544	Asset retirement obligations	12,320
Leased assets	397,738	Provision for share awards	48,222
Accumulated depreciation	(1,106,541)	Provision for share awards for directors (and other officers)	10,875
Intangible assets	30,187	Total liabilities	751,528
Trademark right	4,544	Net assets	
Software	25,570	Shareholders' equity	5,974,418
Other	72	Share capital	2,667,649
Investments and other assets	1,311,281	Capital surplus	2,857,432
Investment securities	1,231,458	Retained earnings	449,358
Deferred tax assets	5,711	Treasury shares	(22)
Other	74,111	Accumulated other comprehensive income	120,415
		Valuation difference on available- for-sale securities	120,415
		Share acquisition rights	25,610
		Total net assets	6,120,443
Total assets	6,871,972	Total liabilities and net assets	6,871,972

(Note) Figures less than one thousand yen are rounded down to the nearest thousand.

Consolidated Statement of Income

(Thousands of yen)

Account title	16th Fiscal Year (January 1, 2023 to December 31, 2023)
Business revenue	1,901,202
Business expenses	2,238,568
Cost of business revenue	245,053
Research and development expenses	1,372,560
Other selling, general and administrative expenses	620,954
Operating loss	(337,366)
Non-operating income	88,257
Interest income	3,426
Interest on securities	6,272
Foreign exchange gains	52,038
Gain on valuation of compound financial instruments	3,390
Subsidy income	2,600
Other	20,531
Non-operating expenses	44,291
Interest expenses	6,681
Commitment fees	8,522
Share issuance costs	4,005
Loss on valuation of derivatives	25,055
Other	26
Ordinary loss	(293,400)
Extraordinary losses	649
Loss on redemption of investment securities	649
Loss before income taxes	(294,049)
Income taxes - current	93,627
Income taxes - deferred	(64,014)
Loss	(323,662)
Loss attributable to owners of parent	(323,662)

(Note) Figures less than one thousand yen are rounded down to the nearest thousand.

Consolidated Statement of Changes in Equity
(16th Fiscal Year from January 1, 2023 to December 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,265,697	2,455,480	773,021	(21)	5,494,178
Changes during period					
Issuance of new shares	401,951	401,951			803,903
Loss attributable to owners of parent			(323,662)		(323,662)
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					–
Total changes during period	401,951	401,951	(323,662)	(0)	480,239
Balance at end of period	2,667,649	2,857,432	449,358	(22)	5,974,418

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	(5,569)	(5,569)	8,372	5,496,981
Changes during period				
Issuance of new shares		–		803,903
Loss attributable to owners of parent		–		(323,662)
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	125,984	125,984	17,237	143,221
Total changes during period	125,984	125,984	17,237	623,461
Balance at end of period	120,415	120,415	25,610	6,120,443

(Note) Figures less than one thousand yen are rounded down to the nearest thousand.