



**Non-consolidated Financial Results for the First Three Months of Fiscal Year Ending Dec. 31, 2019**  
(Japanese GAAP)

April 26, 2019

Company name	UMN Pharma Inc.	Stock listings	Mothers of TSE
Securities code	4585	URL	<a href="http://www.umnpharma.com/en/">http://www.umnpharma.com/en/</a>
Representative	Tatsuyoshi Hirano	Chairman and CEO	
Contact person	Hiroyuki Hashimoto	CFO	(TEL)+81-45-595-9840
Scheduled date of filing securities report	May 15, 2019	Scheduled date of Dividend payments	—
Supplementary materials for financial results:	None		
Briefing session of financial results:	None		

(Rounded down to nearest million yen)

**1. Financial Results for the First Three Months of FY2019 (From January 1, 2019 to March 31, 2019)**

(1) Operating results (Percentage indications show changes from corresponding figures for the previous period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First three months of FY2019	—	(100.0)	(179)	—	(180)	—	(180)	—
First three months of FY2018	3	22.7	(193)	—	(194)	—	(194)	—

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
First three months of FY2019	(11.81)	—
First three months of FY2018	(15.18)	—

(2) Financial position

	Total assets	Net assets	Net assets as percentage of total assets
	Million yen	Million yen	%
As of March 31, 2019	1,014	204	19.0
As of December 31, 2018	1,177	382	31.7

(Reference) Shareholders' equity As of March 31, 2019 193 Million yen As of December 31, 2018 373 Million yen

**2. Dividends**

	Annual dividends per share				
	End of Q1	End of Q2	End of Q3	Year end	Total dividends
	Yen	Yen	Yen	Yen	Yen
FY2018	—	0 00	—	0 00	0 00
FY2019	—	—	—	—	—
FY2019(Forecast)	—	0 00	—	0 00	0 00

(Note) Revisions to the latest dividend forecast: None

**3. Forecasts for the Fiscal Year Ending December. 31, 2019(from January 1, 2019 to December 31, 2019)**

(Percentage indications show changes from corresponding figures for the previous period)

	Net sales		Operating income		Ordinary income		Net income		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2019	100	(3.5)	(887)	—	(891)	—	(893)	—	(58.36)

(Note) Revisions to the latest performance forecasts: None

The above forecast is the plan of sales, R&D expenses, and administration expenses based on premise of achieving milestone conditions for First Phase of partnership with Shionogi & Co., Ltd.. On the other hand, if the transition to Second Phase is reached to agree, there is a possibility that the forecast value including sales and so on will fluctuate significantly depending on economic conditions and other agreements. The Company will disclose promptly after realization of the agreement of shifting to Second Phase, and necessity of revision of business forecast.

\*(Notes)

(1) Application of special accounting treatment in preparation of quarterly non-consolidated financial statements : None

(2) Changes in accounting policies, changes in accounting estimates, and restatements

1) Changes due to revised accounting standards : None

2) Changes due to revised accounting policies other than 1) : None

3) Changes in accounting estimates : None

4) Restatements : None

(3) Number of common shares issued

1) Number of shares issued  
(including treasury shares)

As of March 31,2019	15,296,500	As of December 31,2018	15,296,500
As of March 31,2019	50	As of December 31,2018	50
For the first three months of FY2019	15,296,450	For the first three months of FY2018	12,796,450

2) Number of treasury shares

3) Average number of shares outstanding

\* This quarterly summary of consolidated financial results is excluded from quarterly review by certified public accountants or auditing corporations.

\*\* Explanation concerning the appropriate use of forecasts and other special instructions

(Notice regarding forward-looking statements)

This press release includes forward-looking statements based on a number of assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties. Consequently, any statements herein do not constitute assurances regarding the actual results. Actual financial results may differ materially depending on a number of factors, including adverse economic conditions, currency exchange rate fluctuations, adverse legislative and regulatory developments, delays in new product launches, the pricing and product initiative of competitors, the inability of the company to market existing and new product effectively, interruptions in production, infringement of the company's intellectual property rights and the adverse outcome material litigation.

Contents of Attached materials

1.	Analysis of Operating Results and Financial Position	2
(1)	Analysis of Operating Results	2
(2)	Analysis of Financial Position	3
(3)	Explanation of Non-consolidated Financial Results Forecasts and Other Forward-looking Information	3
2.	Quarterly Non-consolidated Financial Statements	4
(1)	Quarterly Non-consolidated Balance Sheets	4
(2)	Quarterly Non-consolidated Statements of Income	5

## 1. Analysis of Operating Results and Financial Position

### (1) Analysis of Operating Results

The Japanese economy in the first quarter of the current fiscal year appears to begin to level off in corporate earnings and the employment environment, as the effects of the government's economic and fiscal policies appeared to have come round to be finished. In addition to the weakness of consumer spending in Japan, concerns about the global economic situation, such as recession fears due to the consumption tax increase, destabilization of the surrounding regional situation, and an increase of vigilance against the trend of US trade policy, have not been dispelled yet and still uncertain.

In the Japanese pharmaceutical industry, the growth of the medical pharmaceutical market has slowed due to measures to curb medical expenses, and expansion in world markets by the development of global pharmaceutical products is becoming more important.

In such a business environment, the Company has been developing "the next-generation biopharmaceutical in-house development business" aiming to create higher value-added "next-generation logical vaccine" that is capable of higher efficacy and efficient production.

In "Next-generation Biopharmaceutical in-house development project", based on the agreement of the capital and business alliance signed with Shionogi & Co., Ltd. (hereinafter referred to as "Shionogi") on October 31, 2017, which includes fundamental core technology related to drug discovery regarding vaccine for preventing infection in humans, a part of the in-house development pipeline that the Company has been developing in next-generation biopharmaceutical development project, and new development candidates targets other than in-house developed pipeline as initial basic development candidates, the Company has been actively promoting R&D activities related to fundamental core technology and basic research on development candidates in order to achieve the third milestones based on the agreement. In the current first quarter, the Company has started trial production using a 600 L full scale culture tank after small-scale test production at Akita Plant, and has been implementing adaptive confirmation for development candidates to new basic technology. In addition, the Company also has discussed with the authorities regarding the application of regulatory guidelines that are important in establishing basic technology, and has confirmed that contents of the current research and development are generally in line with regulatory guidelines. The Company has been making steady progress in it. On the other hand, the timing to confirm the achievement of the third milestone is expected to be in the second quarter of this fiscal year. In addition, regarding the fundamental research of development candidates that the Company has been progressing in parallel, the Company has been studying on selection of adjuvant and application of drug delivery technology. In a plurality of development candidates, the Company is about to acquire important knowledge concerning the creation of next generation logical vaccine, and is making progress in examination regarding selection of development candidates products.

The following in terms of the in-house development pipeline, in the basic research of development candidates in accordance with the partnership with Shionogi, has been promoting the research and development based on its own technology, and the selection of development candidates has been progressing. All progress as of this disclosure date is in basic research stage.

- **UMN-101 : Recombinant seasonal influenza HA vaccine**
- **UMN-102 : Recombinant H1N1 influenza HA vaccine**
- **UMN-103 : Recombinant Rotavirus vaccine**
- **UMN-104 : Recombinant Norovirus vaccine**

In addition, the Company has entered into the joint research agreement with National Institutes of Biomedical Innovation, Health and Nutrition (hereinafter referred to as "NIBIOHN") as the period from June, 2017 to the end of June, 2019, and has been promoting research and development activities aimed at creating "Next-generation logical vaccine", which is state-of-the-art biopharmaceuticals including new vaccine, by fusing new adjuvant seeds owned by NIBIOHN and manufacturing technology owned by the Company.

On the other hand, in terms of "the contract manufacturing business for biopharmaceuticals", in addition to having an obligation to advance the business related to the first phase with Shionogi, since the Company are concentrating

management resources on research and development activities in the first phases for the time being in order to prioritizing to make progress to the second phase, there were no orders for new projects.

Concerning the introduction of new development pipeline, through the achievement of the contracts from universities and public research institution so far, not only for consignment of manufacturing at the research stage but also for candidates that are expected to be productization that has come out, and the Company has been actively working on as one of the introduction routes of the newly developed pipeline.

As a result of the above, there were no net sales in the first quarter of the current fiscal year. (100.0% decrease compared to the same period of the previous year) On the other hand, by recorded research and development expenses related to the alliance with Shionogi, the operating loss amounted to ¥179,863 thousand (Operating loss of ¥193,372 thousand in the same period of the previous year), the ordinary loss amounted to ¥180,096 thousand (Ordinary loss of ¥194,140 thousand in the same period of the previous year), and the net loss amounted to ¥ 180,612 thousand (Net loss of ¥194,299 thousand in the same period of the previous year).

In addition, since the Company has a single segment of R&D of medical drugs and related business, the description of business results by segment is omitted.

\*Next-generation logical vaccine:

The next-generation logical vaccine that the Company has been aiming for is a development concept of vaccine, integrated recombinant protein antigen production technology, adjuvant technology and formulation/drug delivery technology, utilizing various knowledge, know-how and technology of biopharmaceutical technology platform, which has been developed for over 10 years by the Company.

By next-generation logical vaccine, the Company has been aiming at the realization of optimal high effectiveness and high productivity for a target infectious disease. In other words, by utilizing formation/drug delivery technology, it is possible to realize high effectiveness by inducing optimal immunity for each targeted infectious disease. In addition, by utilizing adjuvant technology, not only it is possible to realize high effectiveness with less antigen amount, but also it is possible to secure a supply amount that can cover the market with the Company's current production system and also to contribute to cost reduction, by introducing efficiently producing recombinant protein antigens.

\*\*Adjuvant: Pharmaceutical additives for the purpose of immunopotentiating to increase effectiveness of vaccine.

## (2) Analysis of Financial Position

The financial position as of Mar. 31, 2019 is as follows,

Total assets amounted to ¥1,014,143 thousand, which corresponds to a decrease of ¥163,229 thousand compared to the end of the previous fiscal year.

Current assets amounted to ¥914,681 thousand, which corresponds to a decrease of ¥162,643 thousand compared to the end of the previous fiscal year, mainly due to a decrease of ¥186,869 thousand in cash and cash deposits.

Non-current assets amounted to ¥99,462 thousand, which corresponds to a decrease of ¥586 thousand compared to the end of the previous fiscal year.

Liabilities amounted to ¥809,621 thousand, which corresponds to an increase of ¥14,382 thousand compared to the end of the previous fiscal year.

Net assets amounted to ¥204,522 thousand, which corresponds to a decrease of ¥177,612 thousand compared to the end of the previous fiscal year, mainly due to net loss of ¥ 180,612 thousand incurred during the period.

## (3) Explanation of Non-consolidated Financial Results Forecasts and Other Forward-looking Information

There is no change from our financial results for the fiscal year ending December 31, 2019 released on February 14, 2019.

2. Quarterly Non-consolidated Financial Statements  
(1) Quarterly Non-consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (as of Dec. 31, 2018)	First quarter of FY2019 (as of Mar. 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	1,018,410	831,540
Raw materials	5,946	21,409
Other	52,968	61,731
Total current assets	1,077,324	914,681
Non-current assets		
Property, plant and equipment	80,605	80,605
Investments and other assets	19,442	18,856
Total non-current assets	100,048	99,462
Total assets	1,177,373	1,014,143
<b>Liabilities</b>		
Current liabilities		
	52,854	67,149
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	715,200	715,200
Asset retirement obligations	23,469	23,557
Other	3,714	3,714
Total non-current liabilities	742,384	742,471
Total liabilities	795,238	809,621
<b>Net assets</b>		
Shareholders' equity		
Capital stock	679,415	679,415
Capital surplus	679,415	679,415
Retained earnings	(984,931)	(1,165,543)
Treasury shares	(197)	(197)
Total shareholders' equity	373,701	193,088
Share acquisition rights	8,433	11,433
Total net assets	382,134	204,522
Total liabilities and net assets	1,177,373	1,014,143

## (2) Quarterly Non-consolidated Statements of Income

(Thousands of yen)

	Three months ended Mar. 31, 2018 (From Jan. 1, 2018 to Mar. 31, 2018)	Three months ended Mar. 31, 2019 (From Jan. 1, 2019 to Mar. 31, 2019)
Net sales	3,610	—
Cost of sales	1,677	—
Gross profit	1,933	—
Selling, general and administrative expenses	195,306	179,863
Operating loss	(193,372)	(179,863)
Non-operating income		
Interest income	3	6
Foreign exchange gains	—	26
Other	21	122
Total non-operating income	24	154
Non-operating expenses		
Interest on bonds	792	387
Total non-operating expenses	792	387
Ordinary loss	(194,140)	(180,096)
Loss before income taxes	(194,140)	(180,096)
Income taxes - current	159	515
Total income taxes	159	515
Net loss	(194,299)	(180,612)