



TSE Code : 4585

Business Results for Fiscal Year 2016 Ended Dec.31, 2016 & Business Plan for FY2017—FY2021

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Chairman & CEO

February 22, 2017



Addressing Unmet Medical Needs
UMN Pharma Inc.

■ Business Results for FY 2016

- Withdrawal of Application for Approval of UMN-0502 & Termination of Agreement with Astellas
- Business Reorganization
- Transfer of Equity in UNIGEN & Termination of Agreement with IHI

■ Business Plan for FY 2017

- New Growth Strategy & Business Policy
- Business Plan for FY 2017

■ Mid-Term Business Plan: FY2017—FY2021

- Mid-term Action Plan
- Mid-term Financial Forecasts

(Appendix) Financial Results for FY2016

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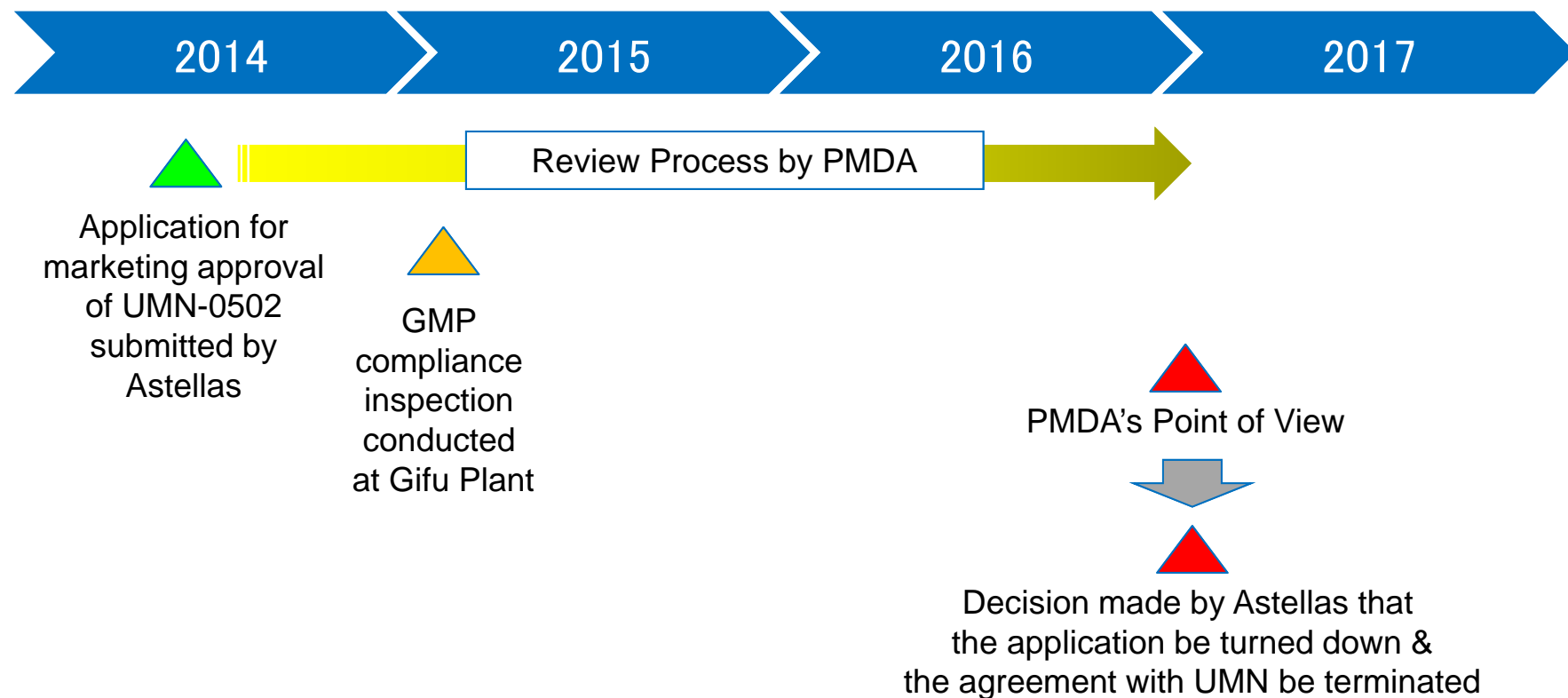
(Appendix) Financial Results for FY2016

Withdrawal of UMN-0502 Application & Termination of Agreement with Astellas

- PMDA: No intention to continue the review process from the benefits & the risks consideration
- Astellas: Concluded that the application be turned down & the agreement with UMN be terminated



- Strongly recognizing Clinical Significance and Market Value of UMN-0502 given its superior efficacy and safety backed by compelling evidences
- Reapplication will be decided after assessing the feasibility including costs and time



PMDA: Pharmaceuticals and Medical Devices Agency

Posting Extraordinary Losses on Abrupt Change in Business Circumstances

- UMN Should Dramatically Change current Business Model upon Withdrawal of the application for approval of UMN-0502 & Termination of the agreement with Astellas for business in Japan



Given Resultant Financial Position of UMN & UNIGEN Decided UMN Group's Overall Restructuring be Inevitable

Consolidated	Tangible Fixed Assets of Gifu Plant	Write-down of ¥8,749 million (All of the booked amount as of Dec.31, 2016))		Extraordinary Loss of ¥10,532 million posted on Liquidation of Business <ul style="list-style-type: none"> ▪ Negative net assets of ¥11.0 bil. on Consolidated base ▪ Heavy burden of Debts as of Dec.31, 2016 with Tranche B expiring January '17
	Raw Materials & Supplies of Gifu Plant	Write-down of ¥1,717 million (All of the booked amount as of Dec.31, 2016))		
	Work-in Process concerning UMN-0502	Write-down of ¥65 million (All of the booked amount as of Dec.31, 2016))		
Non-Consolidated	Intercompany Loan to UNIGEN	Write-down of ¥5,648 million (All of the booked amount as of Dec.31, 2016))		Extraordinary Loss of ¥7,865 million posted on Liquidation of Business <ul style="list-style-type: none"> ▪ Positive net assets of ¥200 mil. on Non-Consolidated base ▪ Difficult to continue financial support to UNIGEN ▪ Risk to bear burden of guarantee on syndicated loan of UNIGEN
	Equity Investment in UNIGEN	Write-down of ¥1,750 million (All of the booked amount as of Dec.31, 2016))		
	Tangible Fixed Assets & other assets of UMN	Write-down of ¥468 million (Almost all of the booked assets as of Dec.31, 2016, Including Akita plant ¥376 million)		

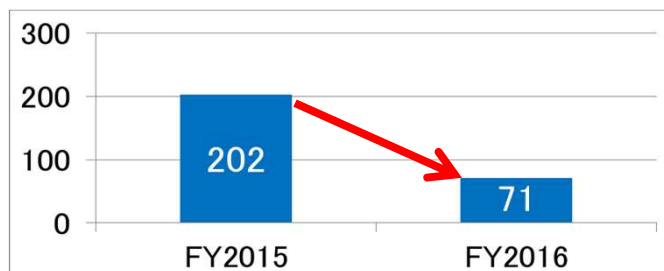
Summary of Consolidated & Non-consolidated Financial Results of FY2016



- Net Losses : Substantially widened losses due to posting extraordinary losses
- Net Assets : Consolidated net assets turned significantly negative while kept positive on non-consolidated base

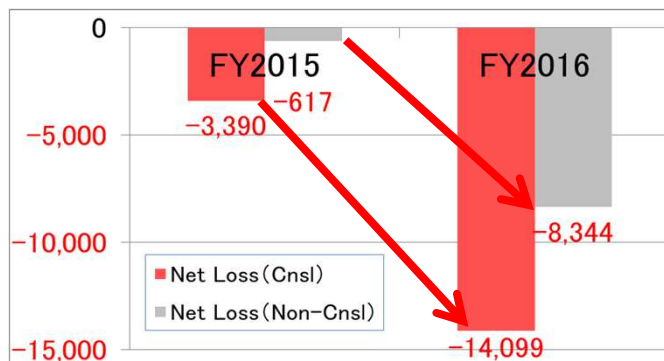
(Millions of yen)

Net Sales
(Consolidated)



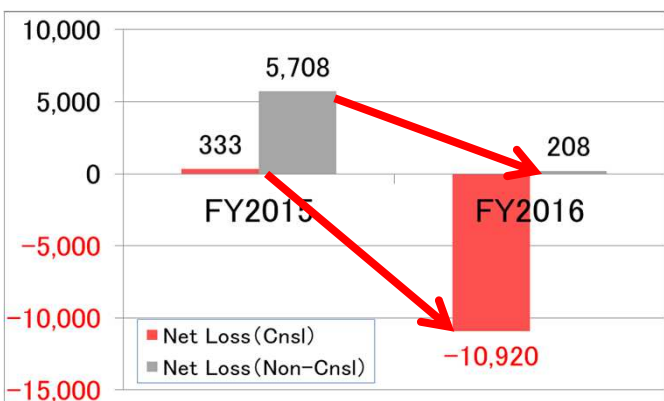
- Net Sales decreased due to delayed receipt of acceptance for BCMO business and slower than anticipated progress on collaborative research projects

Profit attributable to owners of parent (Consl.)
•
Net Losses (Non-Consl.)



- Due to posting losses for business liquidation concerning UMN-0502, losses significantly widened both consolidated and non-consolidated base

Net Assets
at Dec.31, 2016
(Consolidated & Non-consl.)



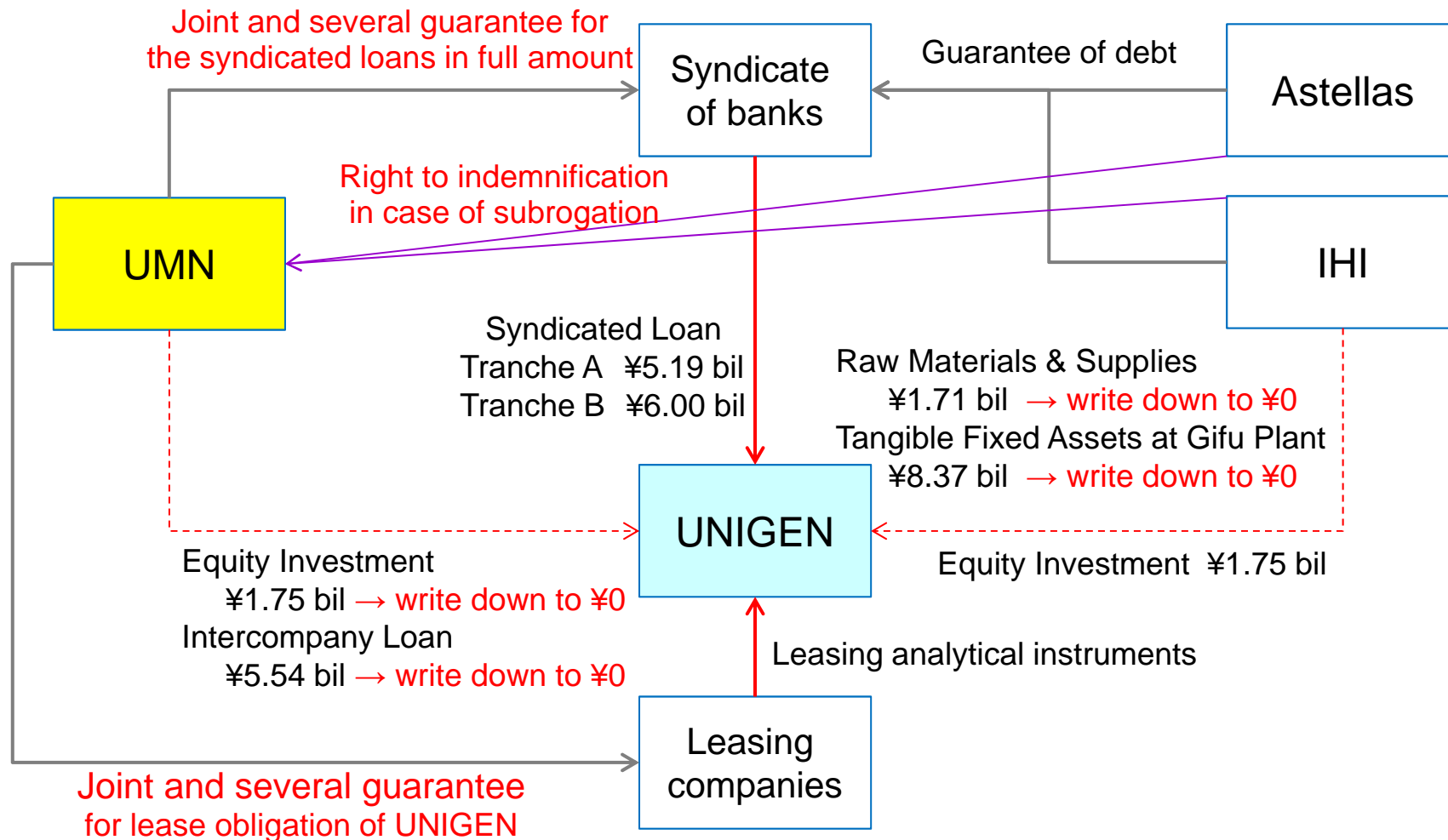
- Due to posting losses for business liquidation concerning UMN-0502,
 - Consolidated Net Assets turned substantially negative
 - Non-consolidated Net Assets narrowly kept positive (reference)
 - Consolidated total assets: ¥1,510 million
 - Non-consolidated total assets: ¥694 million

Potential Financial Risks of UMN just before Transfer of Equity in UNIGEN

- Risk regarding obligations as joint and several guarantor of syndicated loan of UNIGEN
- Risk regarding liabilities for subrogated repayment by IHI & Astellas of syndicated loan of UNIGEN



➤ Two financial risks in mind, scheme to secure business continuity been sought

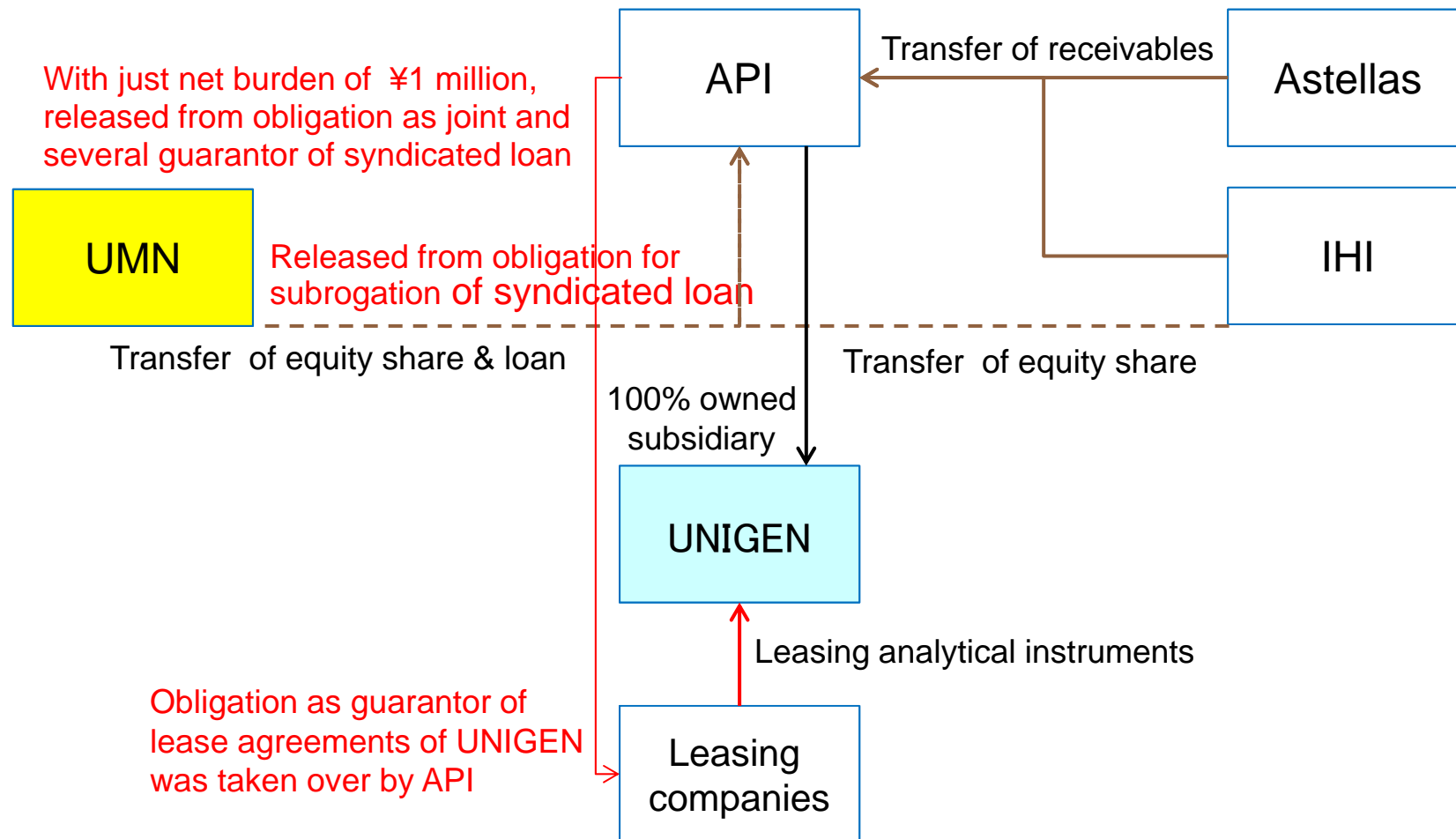


Measures to Avoid Financial Risks & Resultant Restructuring of UMN Group



- Agreed on scheme which avoids financial risks of UMN
- The scheme paved a way for UMN to continue business

- Agreed on scheme which exempts UMN from obligation as joint and several guarantor of syndicated loan & from risk of indemnification upon subrogation by IHI and Astellas
 - No other choice found for UMN to secure business continuity

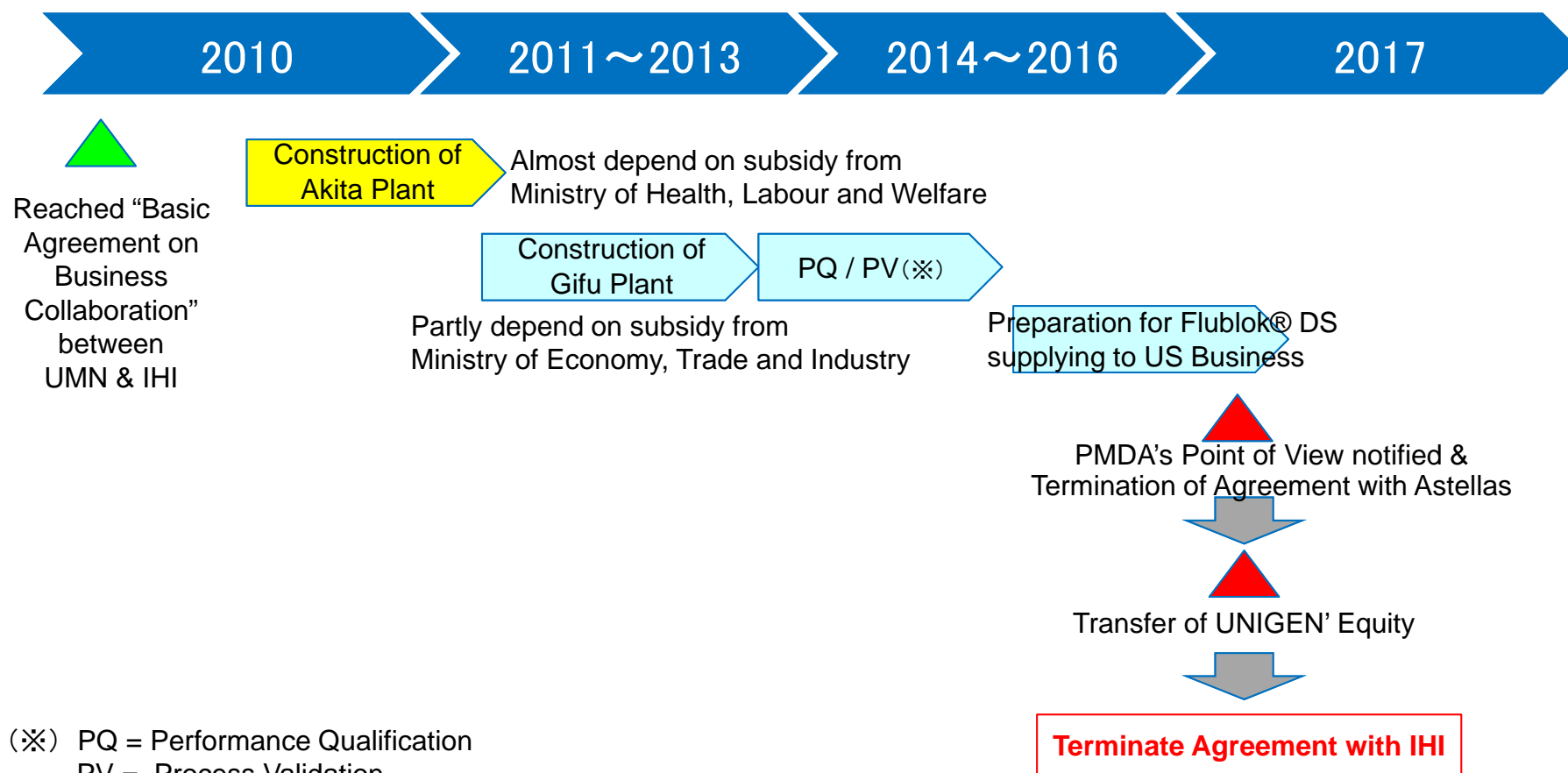


Transfer of Equity in UNIGEN & Termination of Agreement with IHI

– Upon Withdrawal of Application for UMN-0502 & Termination of Agreement by Astellas, IHI has decided to terminate the Collaborative Agreement with UMN



- UMN and IHI had divided on the assessment of the project to supply Flublok® to US market
- IHI notified intention to withdraw from influenza vaccine drug substance (“DS”) manufacturing business
- UMN, looking at financial condition of both UMN and UNIGEN, agreed on the scheme to transfer all the shares of UNIGEN to API and terminate the agreement with IHI



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New Direction

- Redefine our Mission
- Change From full- scale manufacturing model To Create New Value by making use of our advantage



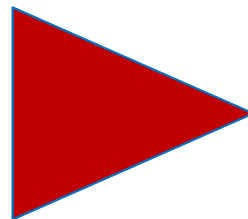
Restart to change from full-scale manufacturing model to focus on CMC development and preparation to commercial production

Our Redefined Mission

Create and supply high value added bio-pharmaceuticals to contribute to the society by developing bio-pharmaceuticals to satisfy unmet medical needs, supporting and bridging development process from research level to development level and furthermore supplying existing good seeds over the world

Past

A Model as Mass Production
for One Item in Big Plant
to Supply UMN-0502

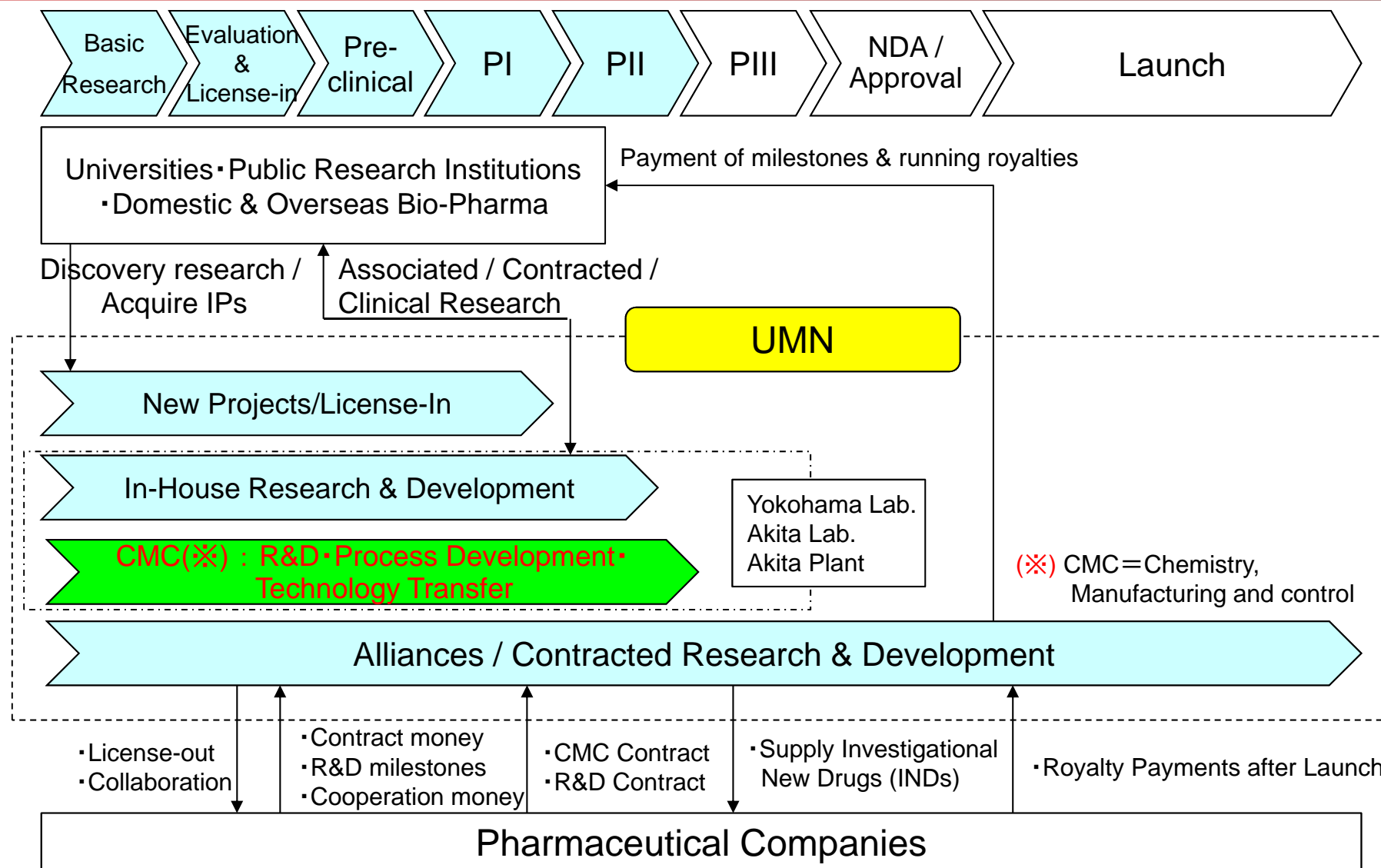


From now on

A Business Solution Model
Focusing on a part of
Development Process
with Risk Averse and Flexibility

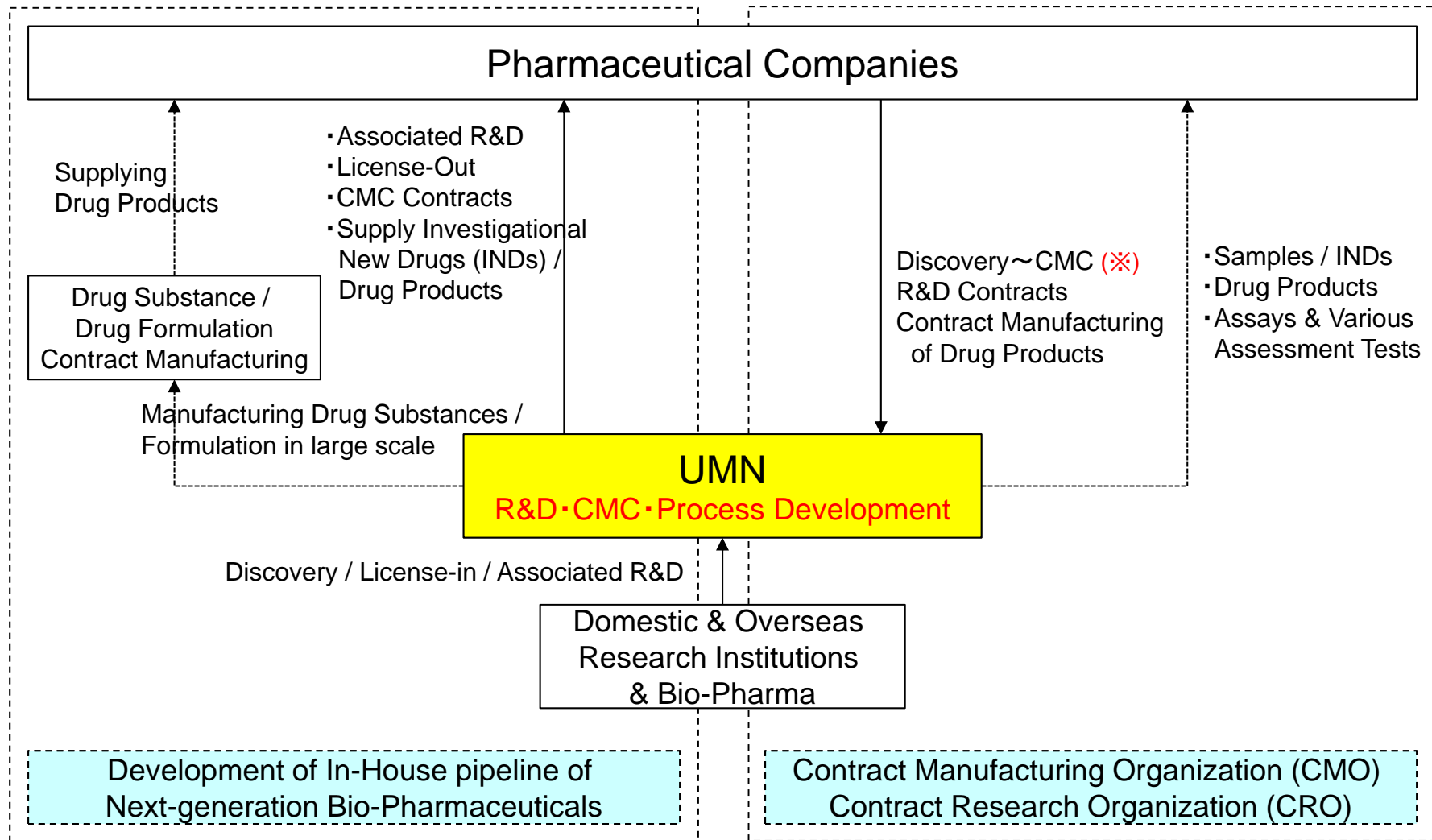
Business Targets of Regenerated UMN

- Broad range of bio-pharmaceutical: Not confined to those for human use,
- Specializing in CMC & Process Development, utilizing Yokohama Lab., Akita Lab. & Akita Plant



Continue Major Pipelines & Utilizing Existing Resources:

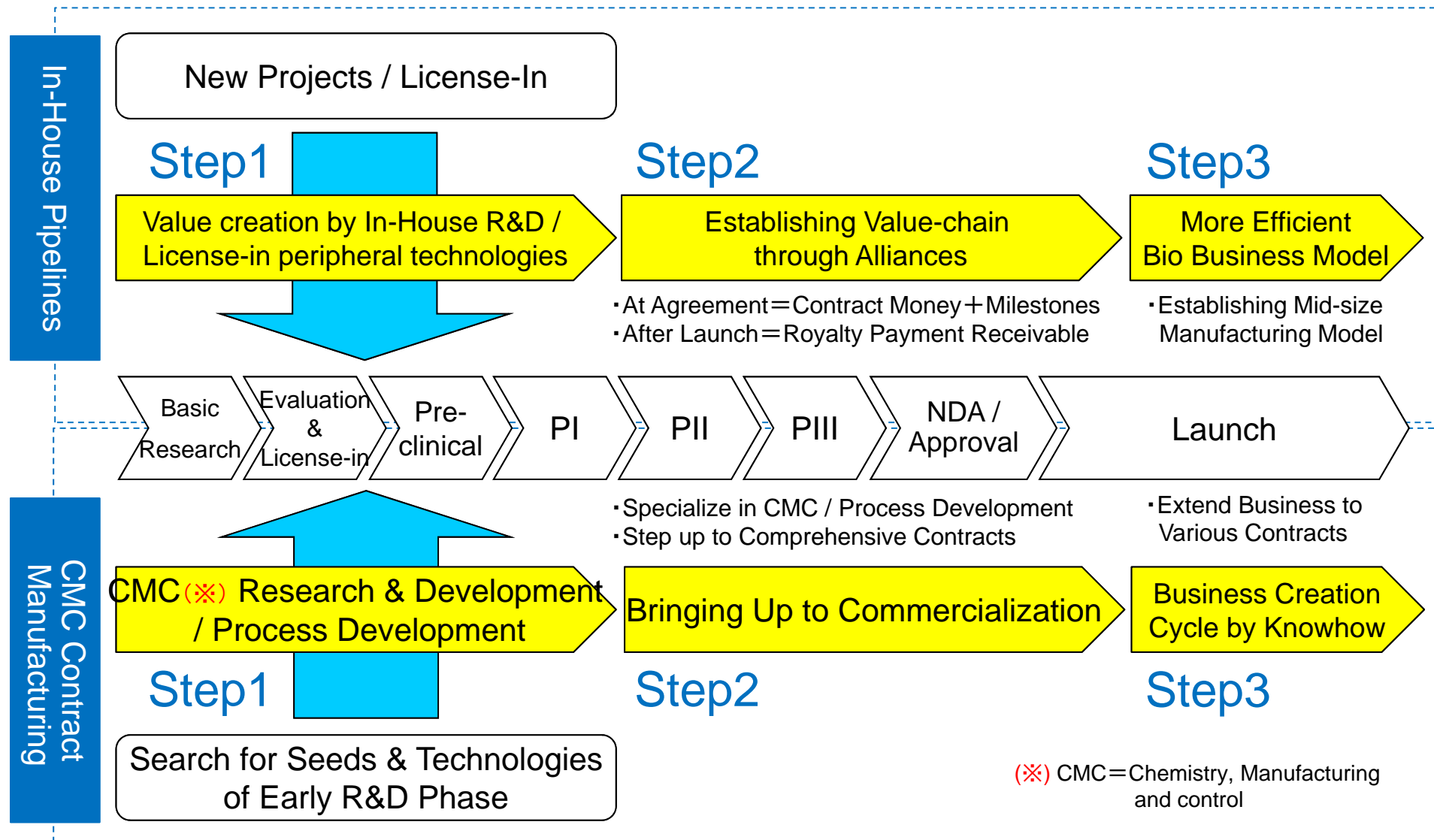
- Pillars: Development of In-House pipelines of Bio-Pharmaceuticals and CMO & CRO Business
- Resources: Akita Plant for CMC Research & Development and Process Development



(X) CMC=Chemistry, Manufacturing and control

STEPS: Business Development in Targeting Area

- In-House Pipelines: Challenge New Seeds for In-House R&D, Licensing-Out more efficiently
- CMC Contract Manufacturing: Specialize in CMC R&D, Stepping up to Comprehensive Contracts



Resources for New Business Model of Regenerated UMN

- Formation for CMC & Process Development → up to Commercial Production at Akita Plant
- Providing Seamless & Speedy Service: from Animal Studies through to Production



Yokohama Lab. (R&D Function)



- Up to 250 litter biological reactors X 1
- Total 12 biological reactors
- Production of samples for basic research

Akita Plant (CMC Function)



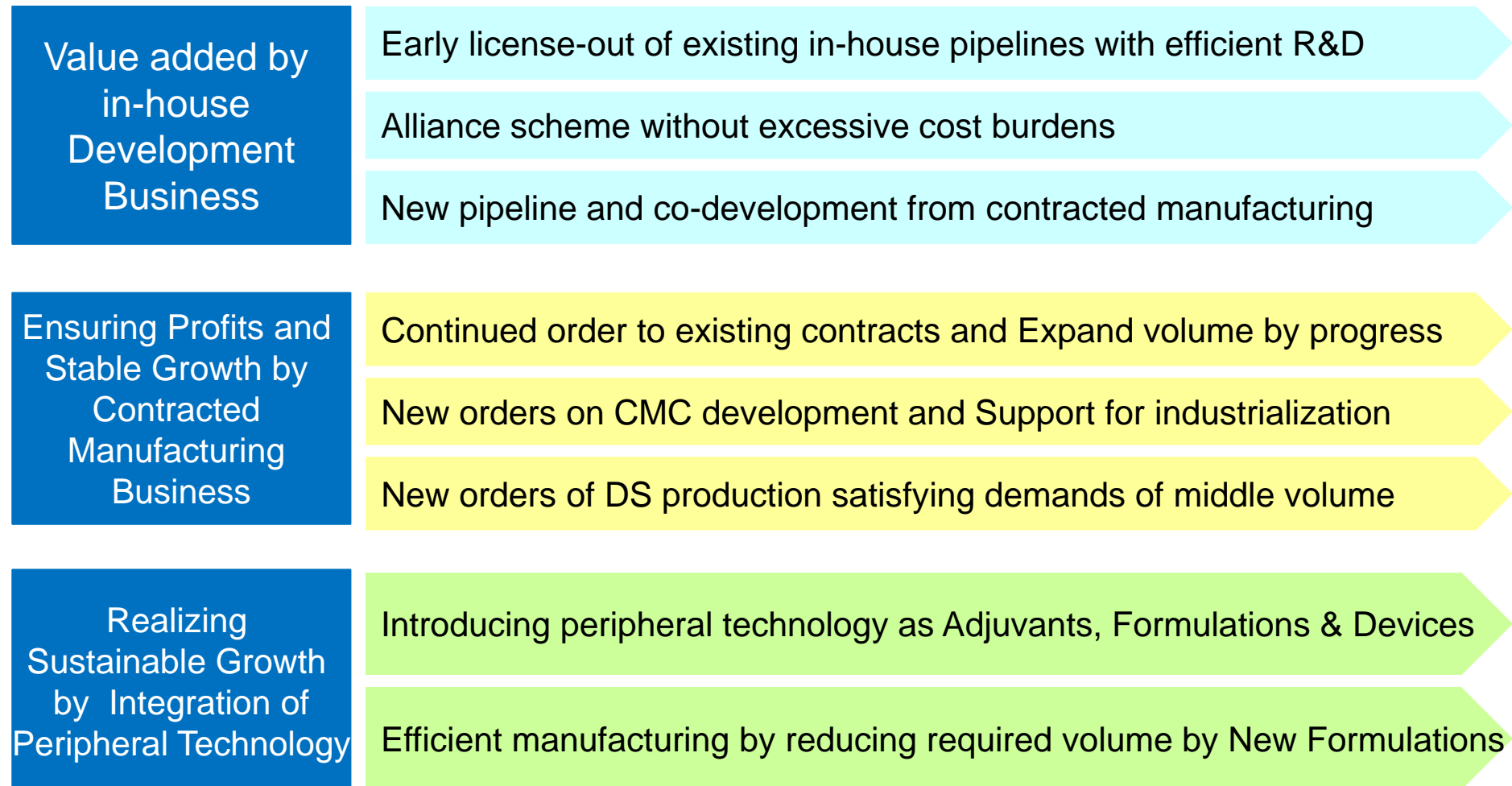
- Up to 600 litter biological reactors X 3
- Production of investigational drugs (quasi-GMP)
- Production of drug substance (transferrable to GMP)
- Biological assays & analyses

Akita Lab. (Laboratory Animal Study Function)

- Various kinds of animal studies of sample products produced at Yokohama Lab. & Akita Plant
- Validation of sample swiftly, contributing to speed up development period

Major Action Plan for New Business Direction

- Ensuring Profits prioritized by Equity Efficiency, Investment Efficiency
- Accomplishing plans to improve Added Value and Sustainable Growth with ensuring Profits



Business Direction in In-House Development

- Existing Projects : Focus on BEVS using existing know-how for global expansion
- New Projects : Research and introducing not only BEVS but also New Seeds



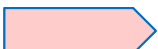

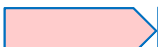





Existing In-House Pipelines	UMN-0502/0501	Domestic: Careful consideration required of resource constraint and possible return of investment Eastern Asia: Expanding to areas advantage for Flublok® data	▶	2 requirements for re-trial • Feasibility of basic technology for domestic licensure • Peripheral technology able to efficient production
	UMN-2002/2003	Constraint of cost burden by ourselves	▶	• Reconsideration with development in overseas • UMN-2001 as Rotavirus vaccine
	Zika Vaccine Consortium	Consortium as opportunities to establish connections with companies and governments for each countries	▶	Acquiring development rights overseas as pioneer case of global development
New Projects	BEVS	➤ Introducing later stage projects than existing projects ➤ Introducing peripheral technology as adjuvants, formulations and devices for efficient production with high added value by packaged peripheral technology		
	Non-BEVS	➤ Avoiding risks too much dependency on BEVS to introduce new projects based on non-BEVS technology with synergy		




Status of R&D pipeline and Business Development Plan



- ① UMN-0502: Deployment in Asia Advanced on Approval of Flublok® Quadrivalent
- ② UMN-2001 / 2002: Focusing on Overseas Development / Starting Clinical Trial early

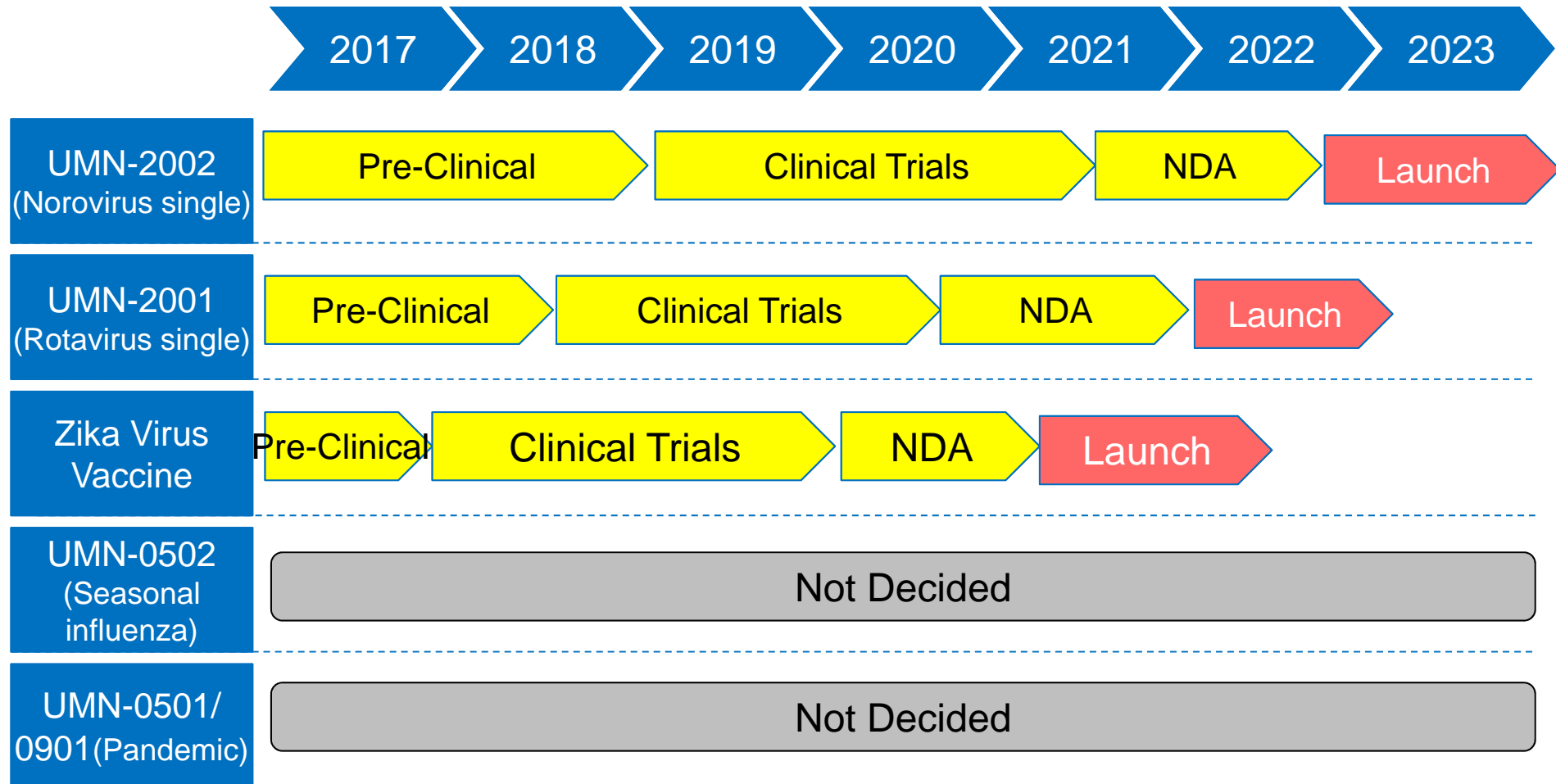
(As of December 2016)

Name	Target Disease	Area	Disco- very	Pre- Clinical	PI	PII	PIII	NDA	Launch
UMN-2002	Norovirus VLP Single Vaccine	World markets							
UMN-2001	Rotavirus VLP Single Vaccine	World markets							
—	Zika virus Vaccine	Not decided							
UMN-0502	Seasonal Influenza Vaccine	Japan							
		China • Korea • Taiwan • Hong Kong • Singapore							
UMN-0501/ 0901	Pandemic Influenza Vaccine	Japan							
		China • Korea • Taiwan • Hong Kong • Singapore							

	= Completed
	= Ongoing
	= Preparing

Existing In-House Pipeline: Development Plan: COMMITMENT

- Start clinical trials for at least one of the existing in-house pipelines during FY2018
- Launch at least one of the existing in-house pipelines during FY2022



Directions for Contracted Manufacturing on CMC Development & Industrialization

- BEVS: Continuous Existing Orders and New Orders → In-House Development
- Non-BEVS: New Orders not only Human-Use → Continuous Orders



B E V S	Existing	<ul style="list-style-type: none">➤ Ensured orders having intentions of continuity<ul style="list-style-type: none">- HTLV-1 vaccine antigen candidate and vaccines with new concepts for some infectious diseases
	New	<ul style="list-style-type: none">➤ New orders for DS manufacturing of new vaccine antigen candidates➤ New orders for new technologies including adjuvants and formulation
Non B E V S	Human-Use	<ul style="list-style-type: none">➤ Contacted manufacturing without development elements by ourselves<ul style="list-style-type: none">- Quotations from potential customers over the world➤ Opportunities of collaborations with those considering CMO business<ul style="list-style-type: none">- Several companies to show their interest
	Others	<ul style="list-style-type: none">➤ New orders not confined to human-use pharmaceuticals<ul style="list-style-type: none">- Several Domestic candidates

Financial Forecasts for FY2017 ending Dec.31, 2017 (Non-consolidated)



- Net Sales of ¥153 million through Bio-Pharmaceutical Contract Business projected
- Losses expected as expenses would run over revenues at the onset of new business model

(Millions of yen) Except for per share data fractions dropped	FY2016		FY2017 (Non- Consolidated)	Assumptions & conditions for Financial Forecasts of FY2017
	Consolidated	Non- Consolidated		
Net sales	71	52	153	Sales projected through Bio- Pharmaceutical Contract Business
Cost of sales	39	51	36	Variable costs are reflected
R & D expenses	3,151	279	309	▪ Increased as running costs for Akita plant will be borne by UMN from FY2017 / Tax expenses increase on raising capital during FY2016
Other SG&A expenses	444	273	320	
Operating Income	(3,564)	(552)	(512)	
Ordinary Income	(3,857)	(480)	(504)	▪ Interests on loan and other inter- company receivable will not be booked after equity in UNIGEN was transferred
Net Profits	(14,099)	(8,344)	(506)	
Net Profits per share	¥(1,359.14)	¥(804.39)	¥(41.57)	

- These forecasts are based on currently available information and assumptions 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 and conditions.

Breakdown of Net Sales Projection

- In-House Pipeline : Accelerate Actions for Collaboration to secure financial resources
- CMO・CRO : Continuous Contracts from existing projects & Acquiring New Contracts for current & future growth



	Sales Projection	Breakdown
Development of In-House pipeline of Next-generation Bio-Pharmaceuticals	¥126 million	<ul style="list-style-type: none"> ➤ Contract money for licensing-out of In-House pipelines ➤ Contract money for licensing-out of UMN-2002 or 2001 ➤ Contract money for global development of UMN-0502 in Asia other than South Korea ➤ Contract money for collaborative development from projects other than existing in-house pipelines <p>※Projected amount adjusted for success probability</p>
Contract Manufacturing Organization & Contract Research Organization Business	¥27 million	<ul style="list-style-type: none"> ➤ Existing Contracts Continued : ¥7 million ➤ New Contracts Acquired : ¥20 million <p>※ Listed only those realizable</p>

Forecasts for FY2017: Cost of Sales, R&D & Other SG&A Expenses



- R&D Expenses: As Akita Plant back to UMN from UNIGEN, the running costs will increase
- Other SG&A Expenses: The running costs increase as above, additional tax burden for increased capital

Breakdown costs (Millions of yen)	FY2014 Actual (Cons.)	FY2015 Actual (Cons.)	FY2016 Actual (Cons.)	FY2016 Actual (Non-Cons)	Forecasts for FY2017 (Non-Cons)
Cost of sales	173	52	39	51	(Variable Costs) 36
R&D expenses	4,270	2,933	3,151	279	309
Other SG&A expenses	607	424	444	273	320
Total of SG&A expenses	4,877	3,357	3,596	553	629
Depreciation	※1,873	※1,524	※1,578	25	— *
	※ for lease 106	※ for lease 106	※ for lease 107	* All lease obligation written-down	

	Point	Details
Cost of Sales (COS)	Akita Plant will be run by UMN From FY2017	<ul style="list-style-type: none"> ➤ Akita plant was rented out to UNIGEN until FY2016 ➤ Costs increases by ¥100 mil for running Akita plant ➤ Akita plant is planned to be used for BCMO base and CMC development base for In-House pipelines
R&D and other SG&A expenses	Further curtailment of costs will be continued through organizational restructuring	<ul style="list-style-type: none"> ➤ Costs increases by ¥30 mil fur running Akita plant ➤ Operational efficiency throughout organization will be sought for (Tax burden with regard to increased capital has reached as much as ¥72 mil yearly, subject to be addressed)

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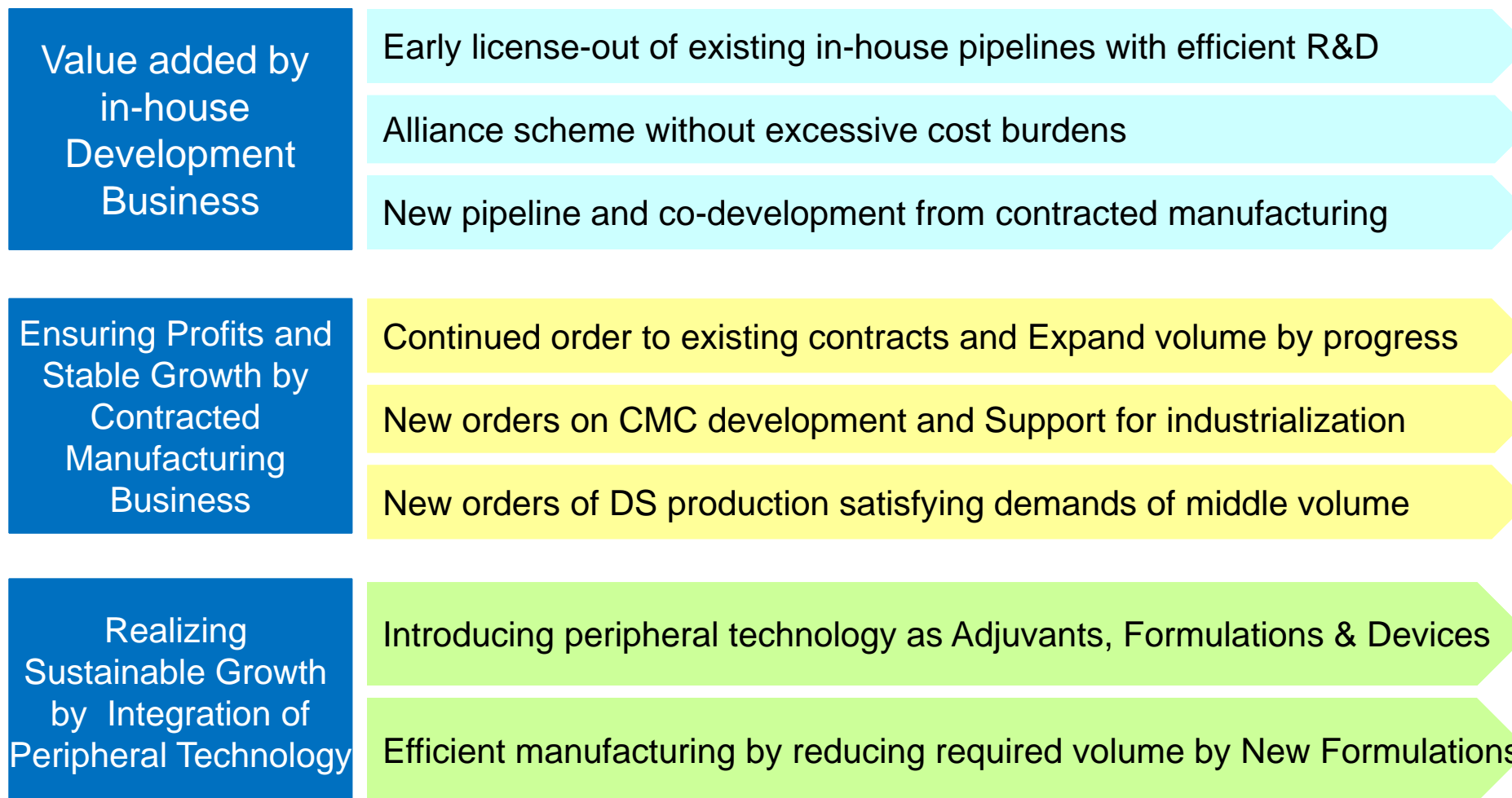
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- Accomplishing plans to improve Added Value and Sustainable Growth with ensuring Profits



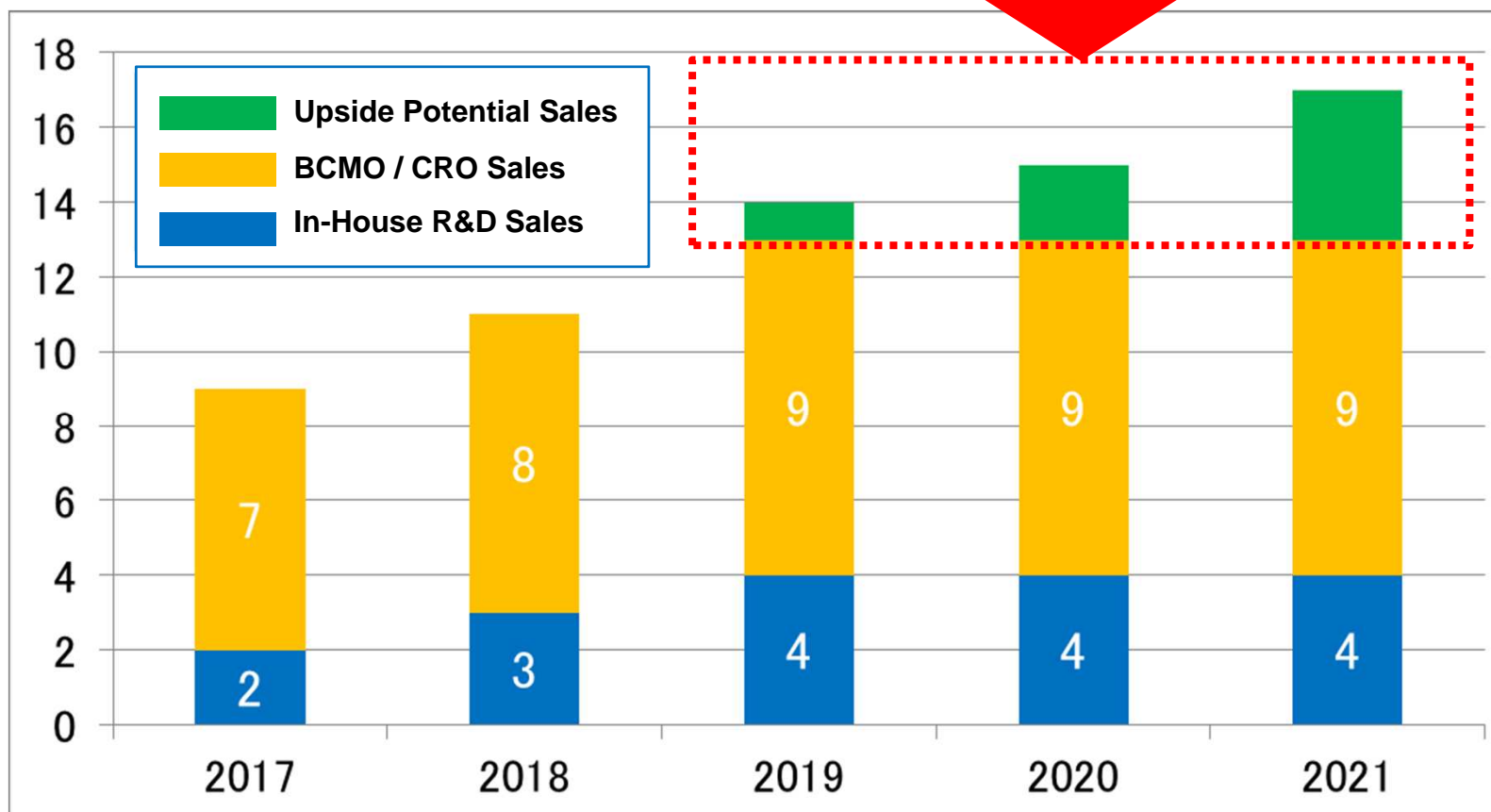
Goal of Mid-Term Plan : Number of Contracts to REALIZE

- Disclosed mid-term financial figure reflects only those realizable or under detailed negotiations
- Potential contracts & sales will be challenged to realize as additional sales



Potential Contracts Will be Challenged & Added

(Cumulative Number of Contracts)

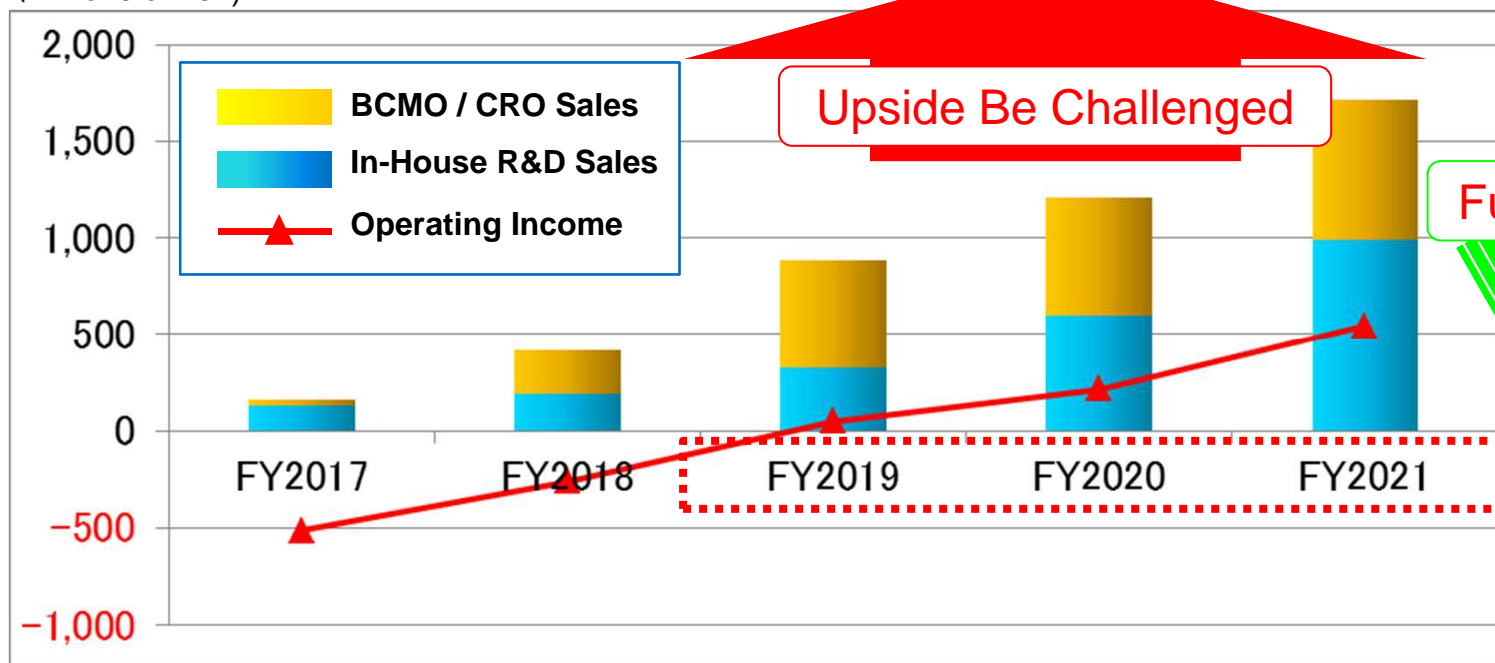


FY2017—FY2021 Mid-term Business Plan : 5 Year Financial Targets

—Net Profits : Turn Positive in FY2019, Further Growth will be Challenged



(Millions of Yen)



Non-consolidated (Millions of yen)	FY2017	FY2018	FY2019	FY2020	FY2021
Net Sales	153	400	880	1,200	1,700
Operating Income	(512)	(270)	40	200	530
Net Profits	(506)	(275)	35	170	450

FY2017—FY2021 Mid-term Business Plan: Conditions & Assumptions

— Sales / Cost of Sales



	Point	Conditions & Assumptions
In-House R&D Sales	<ul style="list-style-type: none"> ▪ To realize alliances on existing pipelines such as UMN-2002 / 2001 & newly established pipelines during this mid-term business period 	<ul style="list-style-type: none"> ➤ Counting on sales from contract fees and milestones regarding alliances of UMN-2002 / UMN-2001, besides revenues from running royalties projected on and after FY2022 ➤ Counting on sales from contract fees and milestones regarding newly established in-house pipelines <p>※As for the business for development of in-house pipeline of next-generation bio-pharmaceuticals, timing and terms of the contracts could be different from those planned in the sales forecasts, dependent upon progress of the developments or negotiations. Regarding CMO and CRO business, contract orders could not be received as planned or acceptance validation could be delayed, which could badly influence the sales forecasts.</p>
BCMO/ CRO Sales	<ul style="list-style-type: none"> ▪ Acquiring new contracts while continuing and expanding existing and ongoing contracts 	<ul style="list-style-type: none"> ➤ Assuming existing and ongoing BCMO contracts would continue and expand, contributing to future sales ➤ Assuming a part of potential BCMO business items currently under negotiation would be realized and contribute to sales <p>※As for the business for development of in-house pipeline of next-generation bio-pharmaceuticals, timing and terms of the contracts could be different from those planned in the sales forecasts, dependent upon progress of the developments or negotiations. Regarding CMO and CRO business, contract orders could not be received as planned or acceptance validation could be delayed, which could badly influence the sales forecasts.</p>
Cost of Sales	<ul style="list-style-type: none"> ▪ Variable expenses for each projects are factored into COS 	<ul style="list-style-type: none"> ➤ As for in-house pipelines, royalty payments to licensors are assumed and counted ➤ As for BCMO / CRO business, variable expenses are projected and counted considering each business nature <p>※R&D costs could be more than initial plan, which could affects the financial results.</p>

FY2017—FY2021 Mid-term Business Plan: Conditions & Assumptions

—R&D Expenses / Selling, General and Administrative Expenses



	Point	Conditions & Assumptions
R&D Expenses	<ul style="list-style-type: none"> Flexibly make investment to acquire contracts and realize sales 	<ul style="list-style-type: none"> Running expenses for Akita plant are counted from FY2017 Certain amount of increase in variable costs are projected as securing additional R&D staff members are anticipated <p>※R&D costs could be more than initial plan, especially as for in-house R&D where clinical research expenses could be additionally surpass initially anticipated costs, which could affects the financial results.</p>
SG&A Expenses	<ul style="list-style-type: none"> SG&A expenses for Akita plant are counted on and after FY2017 	<ul style="list-style-type: none"> Curtailed SG&A expenses after overall organizational restructuring are factored into the projection SG&A expenses for Akita plant are counted from FY2017
Other Expenses	<ul style="list-style-type: none"> Nothing to refer specifically 	<ul style="list-style-type: none"> No major non-operating expenses are projected, as there are no interest-bearing debt and other exposed and/or contingent liabilities, such as debt guarantee, which could lead to non-operating expenses. <p>※As a general rule, contractee would bear facilities preparation costs, but depending on terms and conditions of agreement, related costs would be borne by contractor..</p>

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Consolidated Financial Results for FY2016 ended Dec.31, 2016 vs FY2015



Sales : Decreased Sales from Biopharmaceutical Contract Manufacturing Business

Extraordinary Losses : Write-down of Fixed Assets at Gifu on withdrawal of application for UMN-0502

(Millions of yen) Except for per share data fractions dropped	FY2015 (Consolidated)	FY2016 (Consolidated)	Change		Major factors of the change
Net sales	202	71	(131)	(64.8)%	Biopharmaceutical contract manufacturing sales (131)
Cost of sales	52	39	(13)	(25.5)%	
R&D expenses	2,933	3,151	+218	+7.4%	Increased costs for Flublok® trial manufacturing at Gifu plant for FDA application, Work-in-process on BS recognized as expenses
Other SG & A expenses	424	444	+20	+4.9%	
Operating Income	(3,207)	(3,564)	(356)	(11.1)%	
Ordinary Income	(3,390)	(3,857)	(467)	(13.8)%	(Non-operating expense) Interest expenses / debt guarantee fees / stock issuance cost (95)
Profit attributable to owners of parent	(3,390)	(14,099)	(10,708)	(315.9)%	(Extraordinary loss) On business liquidation (10,532)
Net income per share	¥(354.16)	¥(1,359.14)			
Net Assets per share	¥34.84	¥(907.07)			

Non-consolidated Financial Results for FY2016 ended Dec.31, 2016 vs FY2015

Sales : Decreased Sales from Biopharmaceutical Contract Manufacturing Business

Extraordinary Losses : Write-down of Loans & Equity Investment to UNIGEN on Business Liquidation



(Millions of yen) Except for per share data fractions dropped	FY2015 (Non-Consld.)	FY2016 (Non-Consld.)	Change		Major factors of the change
Net sales	190	52	(137)	(72.4)%	Biopharmaceutical contract manufacturing sales decreased
Cost of sales	135	51	(84)	(62.1)%	
R&D expenses	490	279	(210)	(42.9)%	Costs for review process of PMDA for UMN-0502 decreased (216)
Other SG&A expenses	274	273	(0)	(0.3)%	
Operating Income	(709)	(552)	+157	+22.2%	
Ordinary Income	(614)	(480)	+133	+21.7%	
Net Profits	(617)	(8,344)	(7,727)	(1,251.9)%	(Extraordinary loss) On business liquidation (7,865)
Net income per share	¥(64.48)	¥(804.39)			
Net Assets per share	¥595.82	¥16.82			

Consolidated Balance Sheets as of Dec.31, 2016 vs. Dec.31, 2015



- Total assets : Significantly decreased due to write-down of fixed assets of UNIGEN Gifu plant
- Total liabilities & Net assets : Posting extraordinary losses led to substantial negative net worth

Account (Millions of yen, fractions dropped)	FY2015 (at Dec.31,2015)	FY2016 (at Dec.31,2016)	Change	Remarks
Cash and deposits	842	978	+136	Exercise of #20 warrants
Other current assets	2,461	478	(1,983)	Write-down of raw materials/supplies
Total current assets	3,303	1,456	(1,847)	
Tangible fixed assets	8,136	0	(8,136)	Write-down all of tangible assets
Intangible fixed assets	171	0	(171)	Write-down all of intangible assets
Other fixed assets	196	54	(141)	
Total noncurrent assets	8,504	54	(8,450)	
Total Assets	11,808	1,510	(10,297)	
Current liabilities	5,330	7,519	+2,189	Increase in short-term loan
Noncurrent liabilities	6,144	4,912	(1,231)	Part of loan transferred to short-term
Total Liabilities	11,474	12,431	+957	Net increase in short-term loan
Capital Stock & Capital Surplus	17,064	19,903	+2,838	Issuance of common stock (#19/ #20)
Retained earnings	(16,730)	(30,829)	(14,099)	Loss incurred on business liquidation
Others	(0)	5	+5	Issue price of #20 warrants received
Total Net Assets	333	(10,920)	(11,254)	Turned negative (Consolidated base)
Total Liabilities & Net Assets	11,808	1,510	(10,297)	

Non-Consolidated Balance Sheets as of Dec.31, 2016 vs. Dec.31, 2015



- Total assets : Significantly decreased due to write-down of Loans & Equity to UNIGEN
- Total liabilities & Net assets : Posting substantial extraordinary losses, narrowly keeping net worth positive

Account (Millions of yen, fractions dropped)	FY2015 (at Dec.31,2015)	FY2016 (at Dec.31,2016)	Change	Remarks
Cash and deposits	739	566	(172)	Additional #20 exercise in January
Other current assets	3,588	84	(3,504)	Write-down loan to UNIGEN
Total current assets	4,327	650	(3,677)	
Tangible fixed assets	390	0	(390)	Write-down all tangible fixed assets
Intangible fixed assets	10	0	(10)	Write-down all intangible fixed assets
Other fixed assets	1,545	44	(1,501)	Write-down of equity in UNIGEN
Total noncurrent assets	1,946	44	(1,902)	
Total Assets	6,274	694	(5,580)	Due to write-down regarding UNIGEN
Current liabilities	172	122	(50)	Bank loan, be paid off in January
Noncurrent liabilities	392	363	(29)	Deposit as to subsidy (UMN-0501)
Total Liabilities	565	485	(80)	
Capital Stock & Capital Surplus	17,064	19,903	+2,838	Issuance of common stock (#19/ #20)
Retained earnings	(11,355)	(19,700)	(8,344)	Loss incurred on business liquidation
Others	(0)	5	+5	Issue price of #20 warrants received
Total Net Assets	5,708	208	(5,499)	Positive net worth sustained
Total Liabilities & Net Assets	6,274	694	(5,580)	

Consolidated Cash Flows for FY2016 ended Dec.31, 2016 vs FY2015



- Net cash provided by financing activities covered those used for operating & investing activities
- Cash & cash equivalent further increased by ¥133 million during January 2017 (by exercise of #20 warrant)

(Consolidated, millions of yen, fractions dropped)	FY2015	FY2016	Change	Remarks
Cash flows from operating activities				
Net loss before income taxes & minority interests (-)	(3,390)	(14,390)	(11,000)	Due to extraordinary loss incurred
Adjustments for non-cash activities	1,713	12,064	10,351	Depreciation 1,237 Extraordinary loss 10,532
Taxes, interests & others	(1,716)	61	+1,927	
Net cash provided by (used in) operating activities	(3,393)	(2,265)	+1,128	
Cash flows from investing activities				
Net cash provided by (used in) investing activities	(398)	(1,842)	(1,443)	Additional investment at Gifu plant
Cash flows from financing activities				
Net cash provided by (used in) financing activities	2,554	4,243	+1,689	Issuance of common stock 2,794 net increase of loans 1,281
Net increase (decrease) in cash and cash equivalents	(1,238)	136	+1,374	(※) Non-consolidated ¥(172) mil
Cash and cash equivalent at beginning of the period	2,080	842	—	(※) Non-consolidated ¥739 mil
Cash and cash equivalent at end of the period	842	978	+136	(※) Non-consolidated ¥566 mil



This material includes forward-looking statements based on assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties.

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 launch, pricing and product initiatives of competitors, the inability of the company to market existing and new pipelines effectively, interruptions in production, infringements of the company's intellectual property rights and the adverse outcome of material litigation.

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