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Supplementary Documents of Consolidated Financial Forecasts for Fiscal Year 2016 ending Dec.31, 2016

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UMN *Addressing Unmet Medical Needs*
UMN Pharma Inc.

Consolidated Financial Forecasts for FY2016 ending Dec.31, 2016

Sales：Start of UMN-0502 Commercial Production depends on approval timing / Astellas' decision
Incomes：Whether commercial production starts or not would not materially affect incomes

(Millions of yen) Except for per share data fractions dropped	FY2015 (Consolidated)	FY2016 (Consolidated)		Major factors of the differences between the two cases : forecasts when commercial production starts or when not
		Without UMN-0502 Commercial Production	**With** UMN-0502 Commercial Production	
Net sales	202	2,044	2,428	Net sales would fluctuate although production volume would be small.
Cost of sales	52	316	2,179	Cost of sales would be accounted when the production starts.
R&D expenses	2,933	3,598	2,085	Costs of Flublok® DS production for FDA application, Fixed costs at Gifu plant when without production.
Other SG&A expenses	424	445	445	
Operating Income	(3,207)	(2,315)	(2,282)	Whether commercial production starts or not during FY2016 would not materially affect incomes.
Ordinary Income	(3,390)	(2,608)	(2,575)	
Net Income	(3,390)	(2,366)	(2,332)	¥(250) million charged as minority interests out of consolidated loss
Net income per share	¥(354.16)	¥(246.68)	¥(243.22)	

- The above forecasts are based on an assumption that the approval for UMN-0502 by MHLW would be obtained during FY2016. Depending on the progress of the review process for approval, actual financial results may differ materially.
- The forecasts for FY2016 are presented as range between the 2 cases, whether commercial production for UMN-0502 in Japan would start during FY2016 or not, after the approval, which will be decided after discussion between Astellas and UMN.

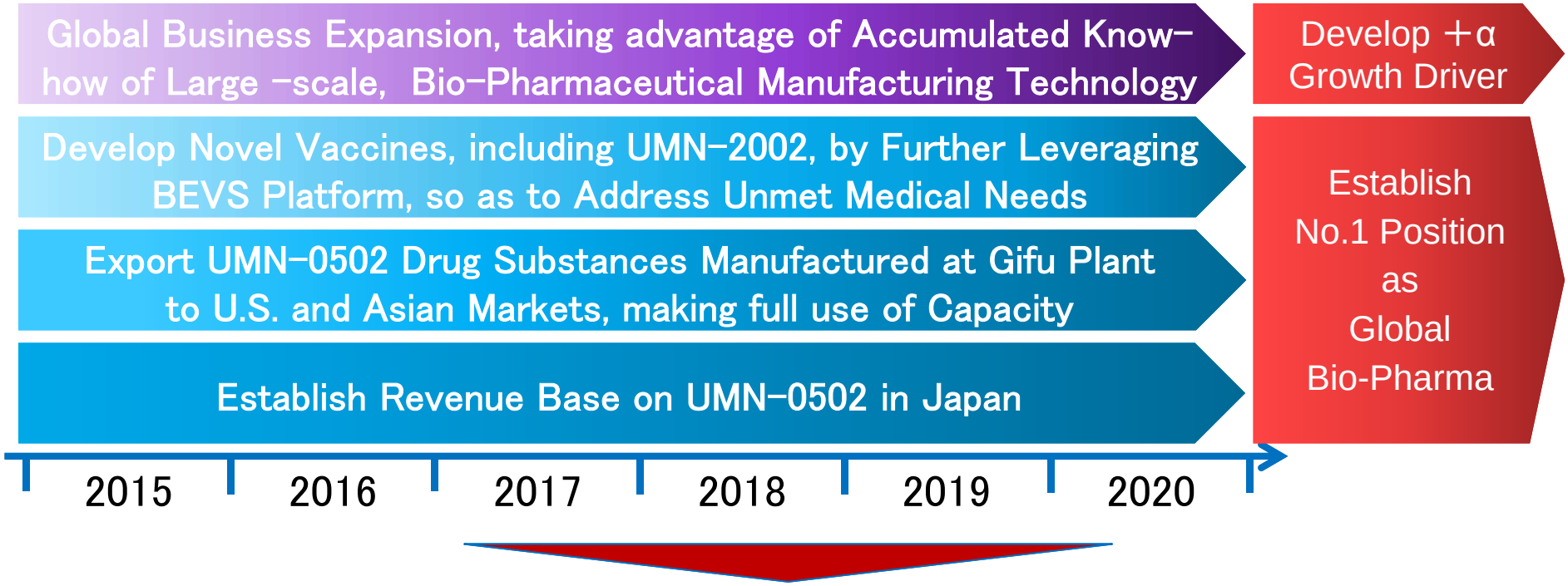
Forecasts for FY2016：Cost of Sales, R&D & Other SG&A Expenses

- In the case UMN-0502 Commercial Production would not start during FY2016, the relevant costs of sales would be charged as R&D expenses
- Costs of trial production of Flublok® drug substances for FDA application be charged as R&D expenses

Breakdown costs (Millions of yen)	FY2013 Actual（Cons.）	FY2014 Actual（Cons.）	FY2015 Actual（Cons.）	FY2016 Forecasts（Cons.）	
				Without UMN-0502 Commercial Production	**With** UMN-0502 Commercial Production
Cost of sales	27	173	52	**316**	**2,179**
R&D expenses	3,925	4,270	2,933	**3,598**	**2,085**
Other SG&A expenses	562	607	424	**445**	**445**
Total of SG&A expenses	4,488	4,877	3,357	**4,043**	**2,531**
Depreciation	1,404	※1,873 ※ for lease 106	※1,524 ※ for lease 107	※1,494 ※ for lease 107	※1,494 ※ for lease 107

	Point	Details
Cost of Sales (COS)	COS would fluctuate depending on whether commercial production would start or not	➢ With UMN-0502 Commercial Production in FY2016 —Costs for the production charged as COS ➢ Without UMN-0502 Commercial Production —Relevant costs charged as R&D expenses
R&D and other SG&A expenses	Costs for US Project (supplying Flublok® drug substances (DS) to the US market) are included	➢ Costs for trial production of Flublok® DS for FDA application included ➢ Costs for UMN-0502 review process, UMN-2002 project, etc.

Growth Strategy：Paths & Goals to be Achieved through FY2020
－Establish Position as Global Bio-Pharma by Leveraging BEVS Platform



Critical Challenges to be Addressed in order to Achieve our Strategic Goals by FY2020

- Expansion of manufacturing capacity and enhancement of manufacturing efficiency at Gifu plant in order to meet expected future demands of UMN-0502 in Japan / Flublok® in the US
- Global deployment of our in-house pipelines
- Aggressively seek for promising seeds, technologies and IP's for our sustainable and accelerated Growth

FY2016 Top Priority ：Establish Revenue Base on UMN-0502 in Japan
－Concentrate the resources on review process for approval

Establish Revenue Base on UMN-0502 in Japan

Concentrate All the Resources on the following

Accommodate Review Process for Approval of UMN-0502 by MHLW / PMDA

Accommodate GMP Compliance Inspection at Gifu Plant by MHLW / PMDA

Strengthen cost competitiveness－Cost Reduction / Yield efficiency improvement
－ including switch to improved Cell Bank which PSC has already introduced －

FY2016 Top Priority：Overseas Development

－Accelerate actions so as to start exporting Flublok® to US from 2017-18 Season

Export UMN-0502 (Flublok®) Drug Substances Manufactured at Gifu Plant to U.S. and Asian Markets, making full use of Capacity

U.S. Market

Goal : Start exporting Flublok® to US from 2017-18 Season

	Current status	Important issues to be addressed	
UNIGEN	Preparation for trial production of Flublok® DS for FDA application, preparation for FDA inspection, and cGMP literacy training at Gifu plant under way	Implementation of trial production of Flublok® DS, preparation for FDA inspection, further enhancement of practical cGMP literacy, etc. at Gifu plant	Regulatory inspection of Gifu plant by FDA
PSC	Reflecting FDA Type C meeting held on April 7,2016 between PSC and FDA, now obtaining relevant data, preparing for submission of FDA application	Acquisition of relevant data necessary for Biologic License Application (BLA) to FDA, and drawing up the documents	Regulatory inspection of Gifu plant by FDA , submission of application for the licensure to FDA
Coacting	Reached agreement on basic terms such as production schedule, logistics, commercial terms, etc. on Feb.12,2016	PSC and UNIGEN shall enter into; ‘Supply Agreement for Drug Substance of Flublok®’ and ‘Quality Agreement’	

Korean Market

Preparing for Documents / Investigational drug for PIII clinical study in Korea

- Planning to provide Ildong Pharmaceutical Co., Ltd. with related documents
- Preparing for supply of investigational drug for expected PIII clinical study

FY2016 Top Priority：Make Alliance on In-House Pipelines

－ Powerfully step forward on-going in-house pipelines into alliance

Develop Novel Vaccines, including UMN-2002, by Further Leveraging BEVS Platform, so as to Address Unmet Medical Needs

UMN-2002

Continuing to carry out the research to verify the possibility with Daiichi Sankyo under the joint research agreement

- Continuing to carry out the research to verify the possibility of UMN-2002 development using Daiichi Sankyo's device for new administration.
- Provided Daiichi-Sankyo with VLP antigen produced by refined process and Daiichi Sankyo conducted basic research using the VLP antigen.
- Further advance is being under consideration between the two companies.

BCMO

Pursuing possibilities to make existing contracts advance to alliance

- Further progress on existing contracts are under consideration
  －Possibilities of stepping forward to the next stage / IP licensing
- Assessing business values, seeking possibilities of forming alliance

Cautionary Statement Regarding Forward-Looking Information

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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