



TSE Code : 4585

Mid-Term Business Plan

FY2016—FY2019

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Chairman & CEO

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Addressing Unmet Medical Needs
UMN Pharma Inc.



<Mission>

Committed to making a significant contribution to improving the health and quality of life of people around the world through development, manufacturing and delivery of innovative vaccines, functioning as a market-leading innovator in the field of vaccines

Goals

- Committed to reaching operating income of ¥4 billion during FY2019, which is still in the half way of our long-term profit goals of operating income of ¥8 billion from shipment of UMN-0502 DP^(*1) for Japan and Flublok® DS^(*2) for the US.
- Committed to realizing additional growth through commercialization of on-going in-house pipelines and further development of new drug candidates.

Strategy

- To secure long-term sustainable source of income by establishing stable revenue base in the field of vaccines as a category leader, in collaboration with PSC^(*3),
- To create additional value through commercialization / partnerships on UMN-2002
- To develop new vaccine candidates and to approach novel technological platforms by further leveraging BEVS platform, so as to gain a foothold as the category leader.

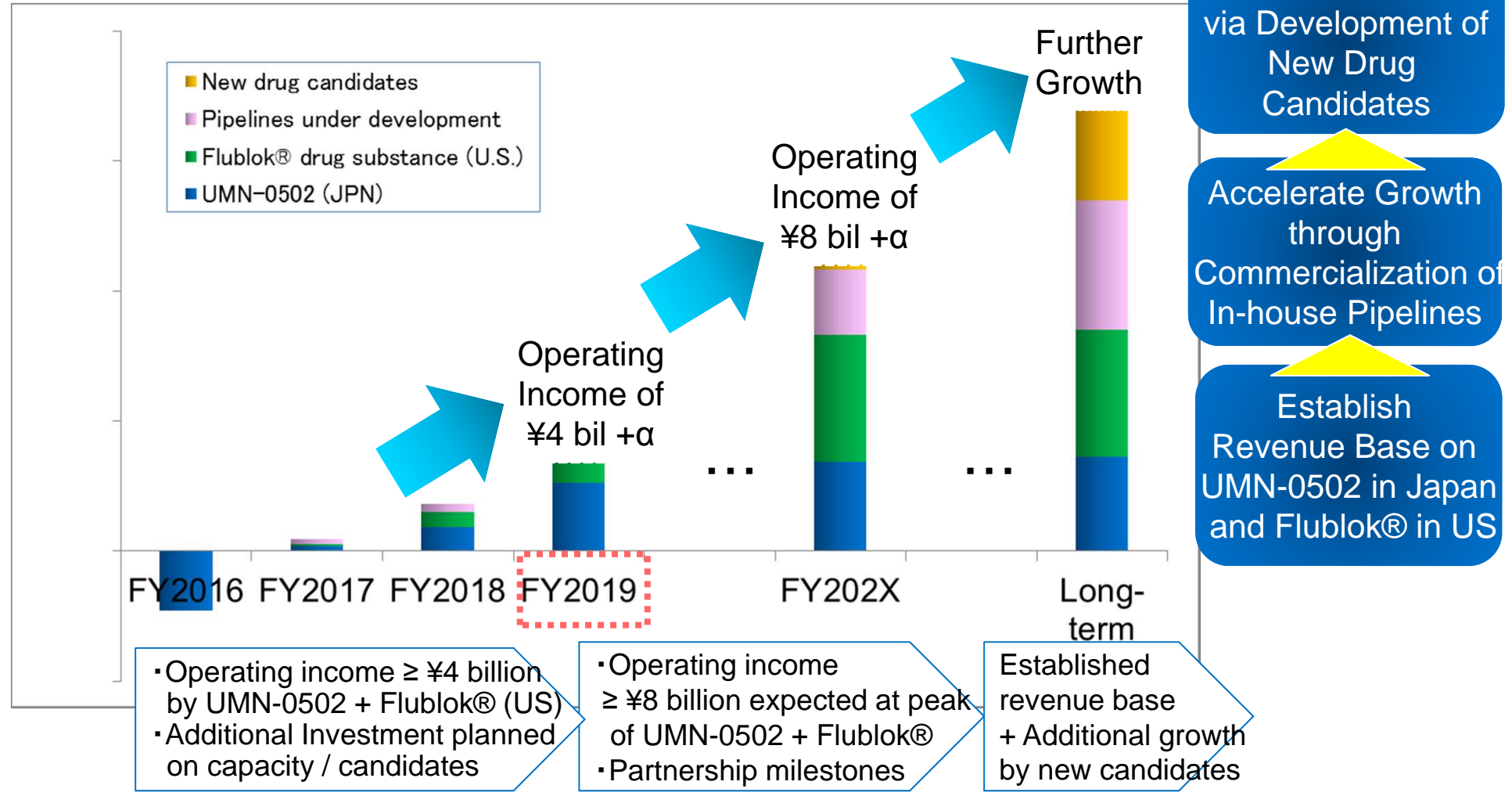
(*1)DP : drug product (*2) DS : drug substance (*3) PSC : Protein Sciences Corporation

Growth Scenario

- Revenue base establishes on UMN-0502 in Japan & exporting drug substances from Gifu to US
- Additional growth expected on UMN-2002, with sustainable growth via development of new drug candidates



Committed to Realizing Further Growth beyond FY2020



FY2016 - FY2019 Action Plan

- Establish & strengthen core business to build robust revenue base
- Exploiting new area to create future additional value



Detailed Activities for Mid-Term Business Plan FY2016 – FY2019

In-House Pipeline	UMN-0502	<p>Japan</p> <ul style="list-style-type: none"> ➤ Obtaining marketing approval & start commercial production during FY2017 or later ➤ Increase manufacturing capacity in order to meet projected future demands ➤ Strengthen cost competitiveness – Reduction of costs / Improvement of yield efficiency ➤ Consider possibility of additional indication of UMN-0502 into the age under 20 <p>Overseas</p> <ul style="list-style-type: none"> ➤ Start exporting Flublok® drug substances (DS) to US from 2017-18 Season ➤ Implement clinical development in South Korea, leading to start exporting DS from 2018
	UMN-0501	
	UMN-0901	
	UMN-2003/ 2002	
Biopharmaceutical contract manufacturing	<ul style="list-style-type: none"> ➤ Make the existing contracts up to form an alliance, further up to future in-house pipeline 	
Development of human resources	<ul style="list-style-type: none"> ➤ Strengthen HR function in order to secure future qualified management personnel ➤ Strengthen HR development / Ensure world-class HR 	
Management foundation	<ul style="list-style-type: none"> ➤ Strengthen operating foundation for global business expansion ➤ Enhance Investors Relations function / Secure timely disclosure function 	

FY2016 - FY2019 Mid-term Business Plan : Financial Targets

- Delays in our past plans be caught up by accelerating and expanding Flublok®(US) Business
- Operating Income of ¥4 billion in FY2019, the last year of this plan, Committed, while additional financial results beyond the upper ranges shown below will be pursued



Consolidated (Millions of yen)	FY2016 (Dec.31,2016) Forecasts	FY2017 (Dec.31,2017) Mid-term Plan	FY2018 (Dec.31,2018) Mid-term Plan	FY2019 (Dec.31,2019) Mid-term Plan
Sales	2,044~2,428	6,632~6,832	10,661~10,961	18,157~18,957
Operating income	(2,315)~(2,282)	287~487	1,595~1,895	4,391~5,191
Ordinary income	(2,608)~(2,575)	174~374	1,475~1,775	4,333~5,133
Net income	(2,366)~(2,332)	144~344	1,328~1,628	3,683~4,363

< Disclosure of Mid-term Financial Target figures in a form of 'range' >

While UMN is now discussing future sales plan of UMN-0502 with Astellas and of Fulblok® with Protein Sciences Corporation, actual financial results may differ materially from what is forecasted depending on a number of important factors. So we have decided to disclose 'Mid-Term Financial Targets' mainly based upon our own analysis and forecasts in a form of range. UMN will quickly disclose revised figures after receiving more precise information or coming to know outcome / progress, if necessary.



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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