



January 26, 2021

Pharma Foods International Co. Ltd.

PFI Enters into Exclusive Licensing Agreement with Mitsubishi Tanabe Pharma Corporation for a New Therapeutic Antibody to treat Autoimmune Diseases

Pharma Foods International Co. Ltd. (Head Office: Kyoto; President & Representative Director, CEO: Mujo Kim, “PFI”) announced that it has entered into an exclusive licensing agreement with Mitsubishi Tanabe Pharma Corporation (Head office: Osaka, President & Representative Director, CEO: Hiroaki Ueno, “MTPC”) for a development candidate antibody to treat autoimmune diseases on January 26, 2021.

1. Outlines of this agreement

PFI has been successful in producing innovative lead antibodies for drug discovery targets to treat autoimmune diseases, for which antibody production is difficult with conventional technology, by utilizing its propriety antibody production technology "ALAgene® technology"※1.

PFI and MTPC executed a research collaboration agreement in October 2018, with the aim of obtaining therapeutic antibody for treatment of the autoimmune diseases. This collaborative research successfully identified a development candidate antibody by improving the lead antibodies utilizing MTPC’s specific technology for enhancing antibody affinity, followed by evaluation with various animal studies. Based on this result, PFI and MTPC have decided to conclude the worldwide exclusive licensing agreement to forward the antibody drug to further development stage.

With the conclusion of this agreement, PFI has granted MTPC the rights to exclusively manufacture, develop and sell the development candidate antibody worldwide.

Under the terms of this licensing agreement, PFI will receive an upfront payment of ¥ 320 million, as well as development milestone payments according to development

stage from MTPC. PFI will also receive royalty on net sales worldwide in addition to milestone payment on the sales achievement from MTPC.

2. The rationale of this agreement

Autoimmune disease area is major market for antibody drugs whose sales in the global autoimmune disease market are reached over ¥ 5 trillion (2019). MTPC has set autoimmune and inflammation diseases as one of the most prioritized disease areas and has contributed to treatment of patients suffering from intractable disease for many years as the No.1 antibody sales company in the Japanese market.

PFI and MTPC recognized that the development candidate antibody obtained this time has potential to provide a new therapeutic method based on a new mechanism of action, and PFI agreed a contract with MTPC.

Management comments

Dr. Hiroaki Ueno, President & Representative Director, CEO,
Mitsubishi Tanabe Pharma Corporation

“I have strong confidence in the outcome of the research collaboration with PFI. This antibody project is positioned as prioritized product in the area of autoimmune and inflammation diseases, which is one of our company’s priority disease areas and we are eager to offer this innovative therapeutic antibody to the patients as soon as possible.”

Dr. Mujo Kim, President & Representative Director, CEO,
Pharma Foods International Co., Ltd.

“I am delighted to enter into this licensing agreement with the best partner, MTPC which is a leading company in autoimmune disease therapeutic area. This meaningful track record prompts us to move forward to therapeutic antibody business authentically with our propriety ALAgene[®] technology. For that purpose, we make every effort to promote our drug discovery research at our Drug Discovery Center.”

3. Schedule of the agreement

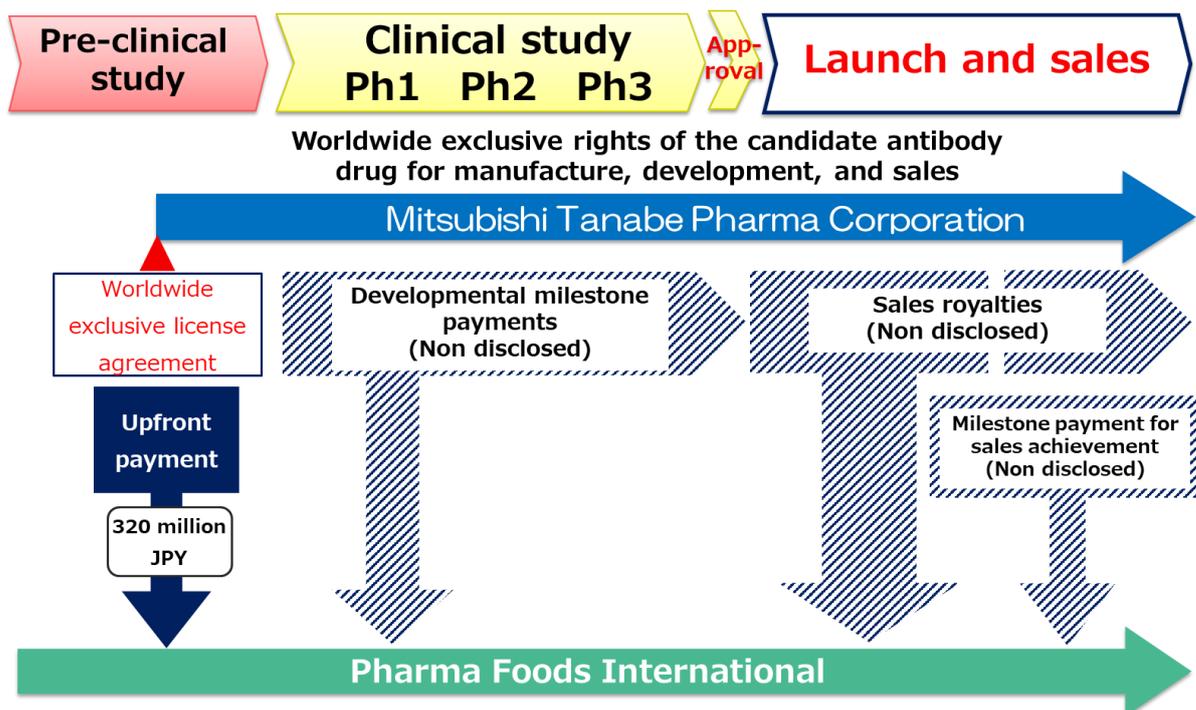
Effective date of the agreement: January 26, 2021

4. Short term financial perspective

Under the term of this agreement, upfront payment ¥ 320 million paid by MTPC will

be recorded as income in the fiscal year of July 2021. PFI is currently under extensive investigation for the potential impact of this agreement and other factors on PFI's consolidated business results. In case that this agreement will have a great impact, PFI will promptly disclose about additional guidance.

Outline of Worldwide Exclusive License Agreement



Pharma Foods International Co. Ltd.

Corporate Planning Department

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* 1 About ALAgene® technology

ALAgene® technology was developed by PFI based on the chicken monoclonal antibody production technology. It is possible to produce chicken-derived humanized antibodies with clinically applicable properties for drug discovery targets, for which antibody production is difficult with conventional technology. PFI has conducted joint research with Professor Mamoru Sato and Visiting Professor Michiyuki Yamada of Yokohama City University, and Associate Professor Satoshi Kanazawa of Nagoya City University.

About Mitsubishi Tanabe Pharma Corporation

Mitsubishi Tanabe Pharma, founded in 1678, has its headquarters in Doshomachi, Osaka, the birthplace of Japan's pharmaceutical industry. With business centered on ethical pharmaceuticals, Mitsubishi Tanabe Pharma is a well-established company with one of the longest histories of pharmaceutical companies in Japan. In accordance with the corporate philosophy of "contributing to the healthier lives of people around the world through the creation of pharmaceuticals," the Company formulated the key concept of Open Up the Future under the Medium-Term Management Plan. Through the discovery of drugs that address unmet medical needs, centered on its priority disease areas — immune-inflammation diseases, diabetes and kidney, central nervous system, and vaccines — Mitsubishi Tanabe Pharma will strive to contribute to the health of patients around the world. For more information, go to <https://www.mt-pharma.co.jp/e/>.

About Pharma Foods International Co. Ltd.

Pharma Foods International (PFI) is a biotech company founded in 1997, and its headquarter is in Kyoto. PFI has been aiming for research, development and marketing of functional food ingredient, healthcare products, and biopharmaceutical drugs. PFI is focusing on biomedical discovery of antibody & peptide drugs and diagnostics, based on PFI's proprietary "Avian Lead Antibody Gene" (ALAGene[®]) technology. PFI will strive to contribute to the patients' health around the world through creation of innovative biological drugs to treat intractable diseases such as autoimmune diseases, malignant cancers, and bone-joint diseases. <https://www.pharmafoods.co.jp/en/>