

INCJ to make follow-on investment in NapaJen Pharma, Inc.

Bio-venture aims to develop systemic nucleic-acid drugs originating in Japan

Tokyo, December 25, 2018 – INCJ Ltd. (“INCJ”) announced today its decision to make a second, follow-on investment in NapaJen Pharma, Inc. (“NapaJen Pharma”), a bio-venture aiming to develop systemic nucleic-acid drugs. INCJ will make this follow-on investment of up to \$12 million through a third-party share allocation to provide the necessary funding for the development of pharmaceuticals. Furthermore, the investors in this round of financing include existing investor Mitsui & Co. Global Investment, Inc. and new investor P&E DIRECTIONS, INC.

NapaJen Pharma was established in 2004 as a drug discovery venture with the aim of developing drugs by utilizing the nucleic acid Drug Delivery System (DDS) platform technology developed by researchers at the University of Kita Kyushu. In recent years, hopes for the development of nucleic-acid drugs capable of approaching intractable diseases at the genetic level have been on the rise, and developments in R&D across the world have continued to progress. However, there remains an issue with nucleic acid itself – on occasions it decomposes inside the body before the desired medicinal effect occurs and fails to reach its endpoint. DDS is an innovative piece of technology that resolves these issues by enabling nucleic-acid drugs to reach targeted cells.

NapaJen Pharma has continued to pursue R&D of the nucleic acid drug DDS platform, conducting joint research with academia and entering into licensing agreements with a number of companies. First-in-human phase 1 clinical trials of nucleic-acid drug “NJA-730” began in Australia in Autumn 2018, and after progressing smoothly, phase 2 trials will be conducted from 2019.

INCJ announced an initial investment into NapaJen Pharma in February 2014 of up to \$9 million in funding for initial drug development costs, and carried out the full \$9 million investment. INCJ decided to make a follow-on investment of up to \$12 million in December 2016, and again invested the full amount. INCJ has also provided management support, including the dispatch of outside directors when deemed necessary. INCJ will make this second follow-on investment to accompany the transition of NapaJen Pharma’s business into a new stage, and this round of financing will be used for expenses in phase 1 first-in-human clinical trials of nucleic-acid drug “NJA-730.”

INCJ aims to establish a bio-venture industry ecosystem by providing development support for university-based drug discovery ventures and support the successful development of generalized nucleic acid drug development originating in Japan through providing continuous support for NapaJen Pharma.

About NapaJen Pharma, Inc.

Established: December 2004

Headquarters: California, United States

Representative: Hironori Ando

Business outline: DDS platform business for nucleic acid and development of drugs using DDS technology

URL: <http://www.napajen.com/>

About INCJ, Ltd.

INCJ, Ltd. was established in September 2018 via company split from Innovation Network Corporation of Japan (INCJ). INCJ was established in July 2009 with the aim of overcoming boundaries between companies and industries, creating and nurturing key industries via open innovation for the prosperity of future generations, and the company has changed its name to Japan Investment Corporation (JIC) and begun new activities. INCJ, Ltd. will continue the activities of INCJ, engaging in “Value Up” activities such as overseeing additional investments, milestone investments and exits from investments in portfolio companies until March 2025.

URL : <https://www.incj.co.jp/english/>

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Appendix

Overview of Follow-on Investment Decision

Target: NapaJen Pharma, Inc.

Established: December 2004

Headquarters: California, United States

Representative: Hironori Ando

Business outline: DDS platform business for nucleic acid and development of drugs using DDS technology

Overview of investment

Authorized investment: \$12 million (maximum)

Amount invested: \$12 million

Co-investors: Mitsui & Co. Global Investment, Inc., P&E DIRECTIONS, INC.

Details of previous investments:

- Investment announcement: February 3, 2014
 - Authorized investment: \$9 million (maximum)
 - Amount invested: \$9 million
 - Press Release:
<https://www.incj.co.jp/english/news/upload/docs/cb26607ff177e33920a534c9798ca01d0feddb7f.pdf>
- Investment announcement: December 7, 2016
 - Authorized investment: \$12 million (maximum)
 - Amount invested: \$12 million
 - Press Release:
<https://www.incj.co.jp/english/news/upload/docs/2a921c70dc2c6ba0a143c665e470671eee5014c6.pdf>

Investment structure outline: See appendix

Significance of investment

Supporting social needs

- Nucleic-acid drug NJA-730 aims to suppress immune rejection, an area where unmet medical needs are high and where there is potential for market growth.
- INCJ contributes to the establishment of a VC industry ecosystem and bio-venture businesses by promoting the development of university-initiated drug discovery ventures incubated by private venture companies.

Growth Potential

- Nucleic acid drugs are still highly innovative, and further market growth is anticipated.
- Cancer immunotherapy is a rapidly growing market, and NapaJen Pharma cooperates with several major pharmaceutical companies on collaborative R&D in the immunostimulant field.

Innovation

- Application of Japan's proprietary nucleic acid and polysaccharide conjugate technology to DDS is a potential example of the first successful development of systemic nucleic-acid drugs in Japan.
- Following the NJA-730 project, NapaJen plans to promote joint development with other pharmaceutical companies. Several pharmaceutical companies hope to apply this new technology in the areas of immunosuppression and immunostimulation.

NapaJen Pharma



Target : NapaJen Pharma, Inc.

Outline : A Delivery technology platform of nucleic acids or other materials, and drug-development using the delivery platform

Authorized Investment : USD 9 million (maximum)/USD 12 million (maximum)/USD 12 million (maximum)

Announcement date of investment : February 3, 2014/December 7, 2016/December 25, 2018



- Supports drug discovery/development of academia originated technology
- Anticipates developing nucleic acid drugs that can be administered systemically and address unmet medical needs
- Contributes stimulation of drug-discovery/development venture industry through co-investment with private venture capitals