

INCJ to sell its shares in AQUA Therapeutics Co., Ltd.

Tokyo, March 31, 2017 – Innovation Network Corporation of Japan (INCJ) announced today its decision to sell all its shares in AQUA Therapeutics Co., Ltd. (AQUA) to AQUA.

In April 2013, INCJ announced that it would invest 450 million JPY in AQUA – a company engaged in the development of Bonac nucleic acid¹—as funding for early-stage drug development. In September 2015, INCJ decided to make an additional investment of up to 500 million JPY.

AQUA had been pursuing non-clinical testing of Bonac nucleic acid targeting the periostin gene.² Now, under a new business strategy, while continuing to focus on the periostin gene, AQUA will shift priority to the development of a different nucleic acid drug. In consideration of the change in strategy, INCJ has decided to sell all of its shares in AQUA.

Reference

INCJ issued the following news releases:

1. *“INCJ to invest in a bioventure that aims to combine technology from industry and academia to develop next generation nucleic acid medicine”* April 1, 2013 (Japanese only) URL: <http://www.incj.co.jp/PDF/1418022447.01.pdf>
2. *“INCJ to make additional investment in AQUA Therapeutics Co., Ltd.”* September 11 2015, (Japanese only) URL: <http://www.incj.co.jp/PDF/1441865366.03.pdf>

¹ Bonac nucleic acid is a platform technology for the chemical modification of nucleic acid drugs. AQUA has pursued development through licensing by Bonac Corporation, which holds the rights to the technology. The issue with nucleic drugs is their low stability within the body, however with appropriate chemical modifications using Bonac's nucleic technology, there is greater stability within the body and it is expected to reduce side effects and lead to high drug efficacy.

² Periostin is a protein involved in cell adhesion and multiplication and is widely associated with chronic inflammatory diseases. For ophthalmologic diseases in which periostin is known to be a factor (especially age-related macular degeneration), AQUA aims to address unmet medical needs that existing drugs don't.

About AQUA Therapeutics Co., Ltd.

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| Established | March 2012 |
| Business Outline | <ul style="list-style-type: none">- Pharmaceuticals, non-medicinal products and cosmetics: research and development, manufacture and sales- Medical device, instrument and equipment: research and development, manufacture and sales- Medical research consultancy |
| Headquarters | Kobe, Hyogo |
| Representative | Kazunori Yoshikawa |
| URL | http://www.aqua-therapeutics.com/ |

About Innovation Network Corporation of Japan (INCJ)

INCJ was established in July 2009 as a public-private investment company that provides financial, technological and management support for next-generation businesses. INCJ specifically supports those projects that combine technologies and varied expertise across industries and materialize open innovation. INCJ has the capacity to invest up to JPY2 trillion (approx. US\$20 billion).

INCJ's management team is drawn from the private sector with diverse experience in investment, technologies and management. Through its Innovation Network Committee, INCJ assesses investment opportunities that contribute to industrial innovation in Japan in line with criteria set by the government.

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