AJINOMOTO CO., INC.

news release

December 12th

2016

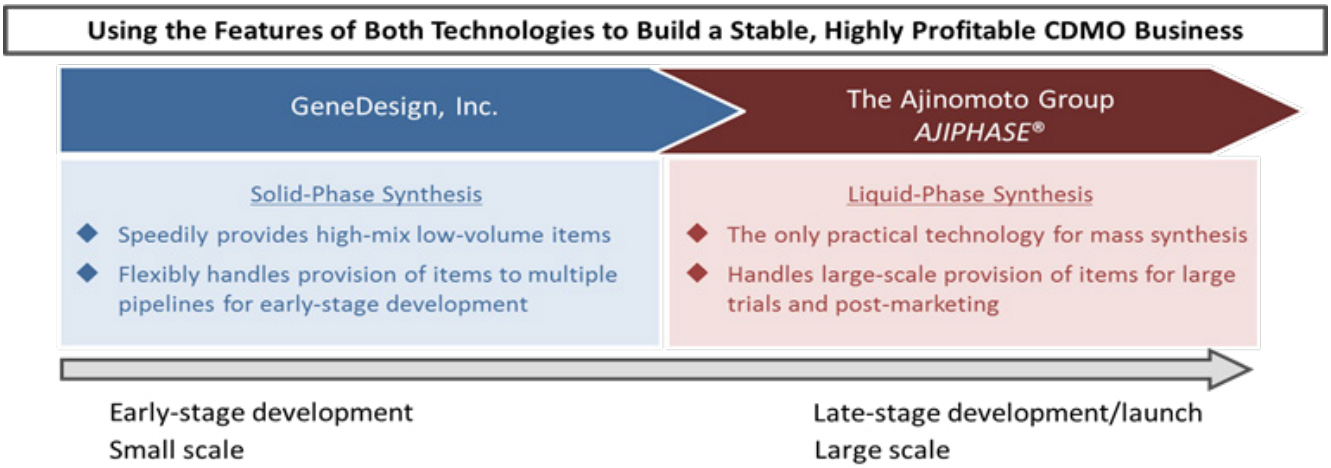
Ajinomoto Group

Acquires All Shares of GeneDesign, Inc., a Nucleic Acid Drug CDMO

To Accelerate Expansion of the Contract Business for Oligonucleotides Using GeneDesign's Management Resources

TOKYO (December 9, 2016) Ajinomoto Co., Inc. ("Ajinomoto Co.") and its consolidated subsidiary S.A. Ajinomoto OmniChem N.V. ("OmniChem") agreed to acquire all the issued and outstanding shares of GeneDesign, Inc., a major Japanese contract development and manufacturing organization (CDMO1) for nucleic acid drugs, and signed a share purchase and sale agreement today. With this acquisition, Ajinomoto Co. will generate synergies between the oligonucleotide manufacturing technologies and pharmaceutical manufacturing capabilities and know-how of the Ajinomoto Group and the management resources of GeneDesign, Inc. to accelerate business expansion in the field of CDMOs for nucleic acid drugs,2 which is growing significantly.

Because development of nucleic acid drugs is progressing with applications for illnesses that have been difficult to treat, significant market growth is expected in Japan and overseas. To meet the needs of this market, Ajinomoto Co. applied the synthesis technologies it has cultivated to develop a manufacturing method for oligonucleotides based on liquid-phase synthesis – which is more suitable for mass production than solid-phase synthesis, the conventional method for synthesizing oligonucleotides – and has been conducting a CDMO business (AJIPHASE®3).



GeneDesign, Inc., which was established in 2000, is a major Japanese CDMO for oligonucleotides. The company has the advanced technologies related to solid-phase synthesis, as well as strict quality control and know-how, necessary for the manufacture of nucleic acid drugs. Consequently, it has earned a high evaluation from a broad range of customers, including Japanese pharmaceutical manufacturers and research organizations. This acquisition will combine GeneDesign, Inc.'s solid-phase synthesis, which is ideal for high-mix low-volume production, and its highly experienced human resources and cGMP4-compliant manufacturing functions, Ajinomoto Co.'s proprietary liquid-phase synthesis method, which is ideal for mass production, and OmniChem's pharmaceutical manufacturing functions and know-how. This structure will enable Ajinomoto Co. to extend its contract development and manufacturing business for oligonucleotides from early-stage development (providing high-mix low-volume production using solid-phase synthesis) to late-stage development and post-marketing (mass production with liquid-phase synthesis). It will also help create a stable, highly profitable CDMO business and strengthen and promote an advanced biomedical business5 that contributes to the health of people worldwide.

Ajinomoto Co. and OmniChem are scheduled to acquire all the shares of GeneDesign, Inc. in late December 2016. The impact on Ajinomoto Co.'s business results for fiscal 2016 will be immaterial.

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OVERVIEW OF GENEDESIGN, INC.

Location	Ibaraki, Osaka, Japan
Establishment	December 2000
Representative	Kazuhiko Yuyama, President (Founder)
Number of employees	Approximately 75 (as of November 2016)
Business description	Contract development and manufacture of oligonucleotides, nucleic acid drug raw materials and nucleic acid-related compounds, and sale of other synthesis equipment, etc.
Equity ownership	Kazuhiko Yuyama 38.8%, individual shareholders and others 61.2%
Website	http://www.genedesign.co.jp/e/

OVERVIEW OF S.A. AJINOMOTO OMNICHEM N.V.

Location	Wetteren, Kingdom of Belgium
Establishment	1778 (joined the Ajinomoto Group in 1989)
Representative	Peter Stuyck, Managing Director
Number of employees	Approximately 677 (as of July 2016)
Business description	Manufacture and sale of pharmaceutical intermediates and APIs
Capital	EUR 21 million (approximately JPY 2.4 billion)
Equity ownership	Ajinomoto Co., Inc. 100%
Website	https://www.ajinomoto-omnichem.com/

EQUITY OWNERSHIP AFTER SHARE ACQUISITION

Equity ownership	Ajinomoto Co., Inc. 95%, S.A. Ajinomoto OmniChem N.V. 5%
Share Acquisition Date	Late December 2016 (scheduled)

NOTES

1. CDMO

Contract Development and Manufacturing Organization. A company providing contract process development and manufacturing services for drugs at the pre-clinical, clinical and/or commercial stage for pharmaceutical and other companies.

2. Nucleic acid drugs

Drugs that use the genetic materials DNA (deoxyribonucleic acid) and RNA (ribonucleic acid) as their medicinal components. They are made by designing the four types of bases that constitute nucleic acids or their derivatives to have useful functions against disease targets, and linking them in a straight chain through chemical synthesis of a few to over a hundred nucleic acid constituents (oligonucleotides). A feature of nucleic acid drugs is that they act directly on genes that cannot be targeted by small-molecule drugs or therapeutic antibodies, and because their targets and mechanisms of action are clear and highly specific, there are expectations for them as next-generation drugs with minimal side effects.

3. AJIPHASE®

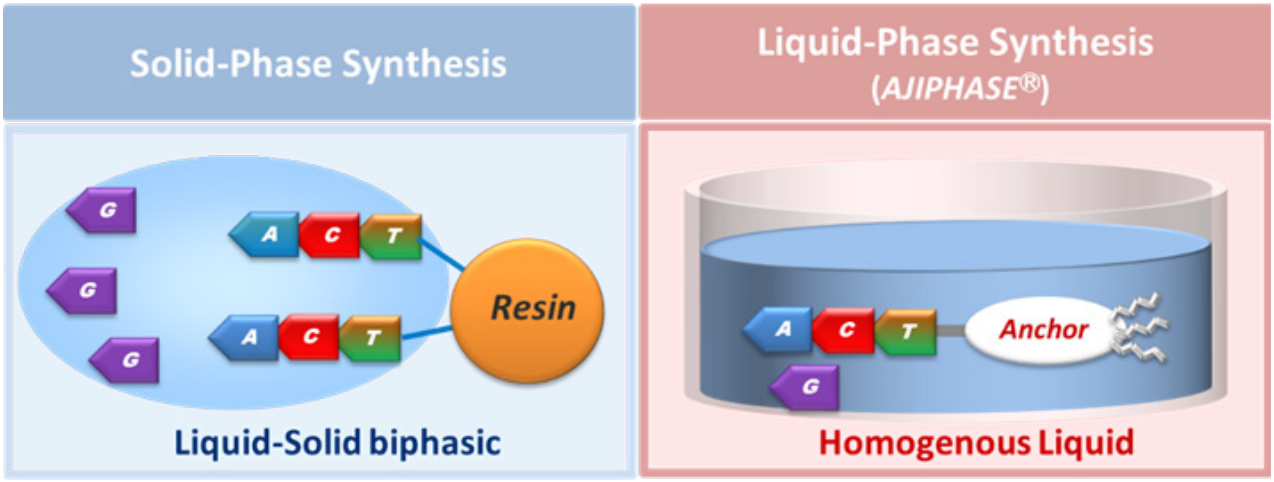
A CDMO business for nucleic acids and peptides that uses a liquid-phase synthesis method developed by Ajinomoto Co. Liquid-phase synthesis is better for mass synthesis than conventional solid-phase synthesis.

4. cGMP

Current Good Manufacturing Practice. A quality control system of the U.S. Food and Drug Administration for manufacturing and testing of pharmaceuticals and other products.

5. Advanced biomedical business

Refers to the market area where Ajinomoto Co. can utilize its technology related to amino acids, nucleic acids, and proteins. The technology specifically includes Ajinomoto Co.'s AJIPHASE®, as well as a serum-free medium for animal cells to produce biopharmaceuticals and regenerative medicine.



The schematic diagrams above show solid-phase synthesis on the left and liquid-phase synthesis on the right. Generally, manufacture of oligonucleotides and peptides uses solid-phase synthesis, in which nucleic acid (or amino acid) chains are caused to successively bond and grow on the solid-phase surface of polymer beads (resin) or other material. On the other hand, liquid-phase synthesis uses protecting group (anchor), which is highly soluble in an organic solvent, rather than the polymer beads used in solid-phase synthesis. Due to the use of an anchor, the solution remains homogeneous as the oligo chains (oligonucleotides, peptides) lengthen, resulting in highly efficient synthesis. Moreover, the characteristics of the anchor enable isolation and purification, resulting in high product purity. Liquid-phase synthesis is suitable for mass production and does not require the special equipment necessary for solid-phase synthesis. On the other hand, solid-phase synthesis is suitable for high-mix low-volume production.

For more information, please contact
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