The following is an unofficial English translation of the NanoCarrier Concludes Absorption-type Merger Agreement with AccuRna, Inc. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

[TRANSLATION]

July 15, 2020

To Whom It May Concern

NanoCarrier Co., Ltd.
Tetsuhito Matsuyama, President & CEO
(Code No. 4571 Tokyo Stock Exchange Mothers Section)

**NanoCarrier Concludes Absorption-type Merger Agreement with AccuRna, Inc.**

NanoCarrier Co., Ltd. (hereinafter "NanoCarrier") today announced that, at a Board of Directors meeting held on July 15, 2020, it resolved to implement an absorption-type merger (hereinafter the "Merger"), wherein NanoCarrier is the surviving company and AccuRna, Inc. (head office: Bunkyo-ku, Tokyo, president & CEO: Shiro Akinaga, hereinafter "AccuRna") is the absorbed company, and that it today concluded a merger agreement (hereinafter the "Merger Agreement") concerning the merger with AccuRna as detailed below.

Please note that because this Merger is expected to result in an increase in NanoCarrier's total assets that is less than 10% of NanoCarrier's net assets as of the last day of the most recent fiscal year and an increase in NanoCarrier's sales that is less than 3% of NanoCarrier's sales from the most recent fiscal year, NanoCarrier has omitted some items in this disclosure.

1. Purpose of the merger

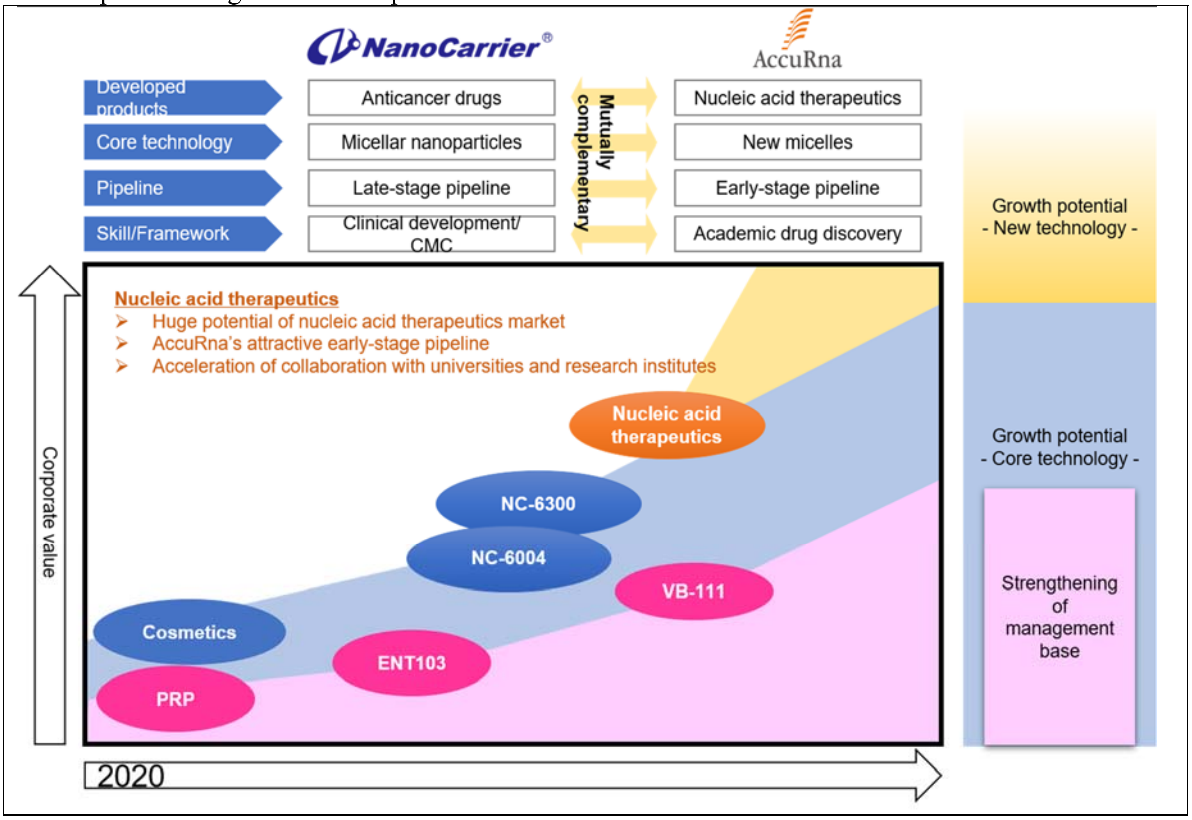
NanoCarrier is developing innovative pharmaceuticals through the use of micellar nanoparticle technology, which is cutting-edge technology originating in Japan, and the majority of its pipeline is currently in the clinical trial stage. Meanwhile, NanoCarrier has also been focusing on seeking to use external management resources and tap into external growth through M&A and alliances to accelerate establishment of the management base of the drug business and to expand related and peripheral businesses.

AccuRna is a drug discovery startup founded to implement nano-drug delivery system (DDS) technology for nucleic acid therapeutics socially. AccuRna's vision is to be a solution provider to eliminate the global bottleneck in the development of nucleic acid therapeutics and its mission is to deliver innovative new medicines through novel drug delivery systems.

Nucleic acid therapeutics consist of natural or chemically modified nucleic acid and they act with high specificity on intracellular molecules which cannot be targeted by low molecular weight drugs or antibody drugs. Examples of nucleic acid therapeutics* include antisense oligonucleotides (ASOs), siRNAs, aptamers and decoys and, in recent years, mRNA drugs have also come under the spotlight. Nucleic acid therapeutics are expected to offer groundbreaking therapies for cancer and genetic diseases but their stability in the blood is seen as an issue. AccuRna's DDS technology resolves issues related to the in-vivo transport of short chain and long chain nucleic acid therapeutics and also resolves the issues regarding the complicated DDS manufacturing process. As a result, the efficacy of nucleic acid therapeutics can be increased and the realization of therapies with less burden on patients can be expected.

AccuRna has also been granted a license to use NanoCarrier's patented technology to develop the nucleic acid therapeutics business and, therefore, has a high affinity with NanoCarrier and AccuRna's initiatives are also consistent with NanoCarrier's philosophy which is "to contribute to the betterment of human health and to medical progress by creating new drugs utilizing nanotechnology for the improvement of patients' quality of life (QOL)." Through the Merger, NanoCarrier can expect to increase and expand its pipeline, further develop the nucleic acid therapeutics field, advance the development of vaccines as part of mRNA drug discovery and secure talented human resources, whilst AccuRna can expect to bolster its financial strength and development capabilities through management integration with NanoCarrier, expand the scope of its search for alliance partners, and improve its laboratory facilities and equipment, thereby speeding up research and development. Furthermore, the two companies believe that, by using and complimenting each other's strengths, they will create various synergies, strengthening their business competitiveness and increasing management efficiency. On this basis, NanoCarrier and AccuRna today agreed to implement the Merger and concluded the Merger Agreement.

<Impact of Integration on Corporate Value>




*Nucleic acid therapeutics include the following.

- Antisense oligonucleotides (ASOs): Single-stranded DNA or RNA sequences which bind to their target RNA sequence inside the cells and impair mRNA translation into protein
- siRNAs: Double-stranded RNA molecules which slice their target mRNA within cells with high-specificity, inhibiting gene expression
- Aptamers: Single-stranded DNA or RNA sequences which, due to the three-dimensional structure of their molecules, bind to and inactivate proteins and other complex molecules with high specificity
- Decoys: Double-stranded DNA molecules which bind to transcription factors inside the cells and inhibit expression of the genes regulated by these transcription factors
- mRNA drugs: RNA with base sequence information and a structure that can be translated to build a protein is artificially synthesized and delivered into cells to build the intended protein.

2. Summary of the Merger

(1) Merger schedule

| | |
|---|---|
| Date of resolution to conclude the Merger Agreement by Board of Directors (Both companies) | July 15, 2020 |
| Date the Merger Agreement was concluded (Both companies) | July 15, 2020 |
| Date of resolution to approve the Merger Agreement by General Meeting of Shareholders (AccuRna) | August 11, 2020 (tentative) |
| Effective date of the Merger | September 1, 2020 (tentative) |

(Note 1) NanoCarrier plans to implement the Merger without the approval of a general meeting of shareholders in accordance with the procedure for a simplified merger as set forth in Article 796, Paragraph 2 of the Companies Act.

(Note 2) Since AccuRna has issued class A preferred stock, class B preferred stock and class B2 preferred stock in addition to common stock and the Merger could undeniably be viewed as potentially damaging to holders of the aforementioned classes of stock, AccuRna plans to hold an extraordinary meeting of shareholders as well as a general meeting of holders of each class of stock pursuant to Article 322, Paragraph 1, Item 7 and Article 324, Paragraph 2, Item 4 of the Companies Act.

(Note 3) The above schedule may be altered based upon agreement between the parties if necessary to carry out the procedures for the Merger or for other reasons.

(2) Merger method

The Merger is an absorption-type merger wherein NanoCarrier is the surviving company and AccuRna is the absorbed company.

(3) Details of allocation relating to the merger

| | NanoCarrier (surviving company) | AccuRna (absorbed company) |
|---|---|---|
| Merger ratios relating to the Merger | 1 | Common stock 67.5<br>Class A preferred stock 138.3<br>Class B preferred stock 174.0<br>Class B2 preferred stock 198.3 |
| Number of shares to be delivered upon the Merger | 3,787,257 shares of common stock (tentative) | |

(Note 1) Allocation ratios relating to the Merger (hereinafter the "Merger Allocation Ratios")

NanoCarrier will allocate and deliver to AccuRna shareholders recorded in the final register of shareholders on the day before the effective date of the Merger 67.5 shares of NanoCarrier common stock per one share of AccuRna common stock, 138.3 shares of NanoCarrier common stock per one share of AccuRna class A preferred stock, 174.0 shares of NanoCarrier common stock per one share of AccuRna class B preferred stock and 198.3 shares of NanoCarrier common stock per one share of AccuRna class B2 preferred stock.

The Merger Allocation Ratios were determined based on guidelines and provisions such as those shown below under AccuRna's Articles of Incorporation and details set out in 3. below.

(i) In the event that AccuRna makes a distribution of residual assets, holders of class B2 preferred stock and registered pledgees of class B2 preferred stock and holders of class B preferred stock and registered pledgees of class B preferred stock shall take precedence over holders of class A preferred stock and registered pledgees of class A preferred stock and holders of common stock and registered pledgees of common stock, and holders of class B2 preferred stock and registered pledgees of class B2 preferred stock shall be entitled to receive distribution of residual assets of 55,000 yen per one share of class B2 preferred stock, while holders of class B preferred stock and registered pledgees of class B preferred stock shall be entitled to receive distribution of residual assets of 45,000 yen per one share of class B preferred stock. Meanwhile, holders of class A preferred stock and registered pledgees of class A preferred stock shall take precedence over holders of common stock and registered pledgees of common stock and shall be entitled to receive preferential distribution of residual assets of 30,000 yen per one share of class A preferred stock.

(ii) In addition to (i) above, if there are still assets remaining after each of the amounts described in (i) above has been distributed to holders of class A preferred stock and registered pledgees of class A preferred stock, holders of class B preferred stock and registered pledgees of class B preferred stock and holders of class B2 preferred stock and registered pledgees of class B2 preferred stock, holders of class A preferred stock and registered pledgees of class A preferred stock, holders of class B preferred stock and registered pledgees of class B preferred stock and holders of class B2 preferred stock and registered pledgees of class B2 preferred stock shall be entitled to receive distribution of residual assets in the same amount and with the same priority as holders of common stock and registered pledgees to common stock.

(iii) The Articles of Incorporation stipulate that in the event that AccuRna is acquired for non-cash consideration, AccuRna will make a distribution of consideration in an amount equal to the amount of distribution each AccuRna shareholder would be entitled to received in accordance with the details set out in (i) and (ii) assuming that the total amount of such consideration for acquisition (means value reasonably calculated by holders of class A preferred stock, class B stock and class B2 stock who hold a majority of the total number of shares of class A preferred stock, class B preferred stock and class B2 preferred stock) is the residual assets.

The Merger Allocation Ratios may be altered through consultation between the parties in the event of any material change in the conditions which form the basis for their calculation.

(Note 2) There will be no allocation or delivery of shares of NanoCarrier stock in relation to shares of AccuRna stock held by NanoCarrier according to the final register of shareholders on the day before the effective date of the Merger (1,000 shares of common stock, 600 shares of class A preferred stock and 400 shares of class B preferred stock).

(Note 3) Any fraction of less than one share in the number of shares of NanoCarrier stock to be allocated and delivered upon the Merger shall be dealt with in accordance with the provisions of Article 234 of the Companies Act and other relevant laws and regulations.

(Note 4) The Merger is expected to result in an increase in shareholders of NanoCarrier who hold shares constituting less than one unit (less than 100 shares). Shareholders of NanoCarrier who come to hold shares constituting less than one unit may use the system of request for purchase of shares constituting less than one unit relating to NanoCarrier stock.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights of absorbed company

As of July 15, 2020, AccuRna has stock acquisition rights yet to be exercised as set out below. However, AccuRna plans to cancel such stock acquisition rights by acquiring them without compensation and cancelling them or other means based on a resolution of AccuRna’s Board of Directors before the effective date of the Merger. Accordingly, NanoCarrier does not plan to deliver NanoCarrier stock acquisition rights in place of such stock acquisition rights to the holders of such stock acquisition rights upon the Merger.

・First series of stock acquisition rights

| | First series of stock acquisition rights |
|---|---|
| Date of issue | January 13, 2016 |
| Persons to whom stock acquisition rights shall be granted | Outside parties which collaborate with AccuRna |
| Number of stock acquisition rights | 5,500 |
| Class of shares to be issued upon exercise of stock acquisition rights | Shares of common stock |
| Number of shares to be issued upon exercise of each stock acquisition right | 1 share |
| Amount to be paid in on exercise of stock acquisition rights | 1,000 yen |
| Exercise period | From January 14, 2018 to January 13, 2026 |
| Conditions for acquisition of stock acquisition rights | In the event that a general meeting of shareholders of AccuRna passes a resolution approving acts of structural reorganization (includes absorption-type merger wherein AccuRna is the absorbed company), AccuRna may, by resolution of its Board of Directors, acquire the stock acquisition rights without compensation. |

AccuRna has not issued any bonds with stock acquisition rights.

3. Basis for determining the details of allocation relating to merger

(1) Basis and rationale for determining details of allocation

To ensure fairness of the merger ratios of the Merger, NanoCarrier decided to ask a third-party calculation agent which is independent from NanoCarrier and AccuRna to calculate the merger ratios, and appointed Tajima Certified Public Accountant Office (hereinafter “Tajima CPA Office”) as a third party agent to calculate the merger ratios.

NanoCarrier carefully discussed and examined the Merger Allocation Ratios, taking into consideration the merger ratio calculation report received from Tajima CPA Office, the third-party calculation agent, the advice of AZX Law Offices, which is NanoCarrier’s legal advisor, and the results of due diligence carried out in relation to AccuRna. This led NanoCarrier to the conclusion that the Merger Allocation Ratios are within the scope of the merger ratio calculation results received from Tajima CPA Office as described in (2) (ii) “Summary of calculation” and are not detrimental to the interests of NanoCarrier shareholders. NanoCarrier, therefore, judged that it is appropriate to implement the Merger based on the Merger Allocation Ratios, and the meetings of the Board of Directors of both companies held today determined to implement the merger and the two companies concluded the Merger Agreement.

(2) Matters relating to calculation

(i) Name of the calculation agent and the relationship between the agent and NanoCarrier and AccuRna

Tajima CPA Office is a third-party calculation agent which is independent from NanoCarrier and AccuRna. It does not fall under a related party of NanoCarrier or AccuRna and does not have any material interests to be stated in relation to the Merger.

(ii) Summary of calculation

As stated in (1) “Basis and rationale for determining details of allocation” above, to ensure fairness in calculation of the Merger Allocation Ratios to be used in the Merger, NanoCarrier appointed Tajima CPA Office as a third-party calculation agent, asked Tajima CPA Office to calculate the merger ratios to be used in the Merger and obtained a merger ratio calculation report containing the details set out below.

In its valuation of NanoCarrier, Tajima CPA Office used the average market price method because NanoCarrier is listed on the Mothers market in the Tokyo Stock Exchange (TSE) and its shares have a market price; and the discounted cash-flow method (hereinafter referred to as the “DCF Method”) to reflect future business activities in the valuation.

In its valuation of AccuRna, Tajima CPA Office used the DCF Method to reflect future business activities in the valuation because AccuRna is an unlisted company and its share do not have a market price.

The calculation results for each calculation method, with the share price of NanoCarrier set at 1, are as follows.

| Method used | | Calculation results for merger ratios | |
|---|---|---|---|
| NanoCarrier | AccuRna | | |
| Average market price method | DCF Method | Common stock | 46.2-100.5 |
| | | Class A preferred stock | 100.8-196.1 |
| | | Class B preferred stock | 128.1-243.8 |
| | | Class B2 preferred stock | 146.3-275.7 |
| DCF Method | DCF Method | Common stock | 50.9-73.9 |
| | | Class A preferred stock | 111.1-144.2 |
| | | Class B preferred stock | 141.2-179.3 |
| | | Class B2 preferred stock | 161.2-202.7 |

With respect to the average market price method, with July 14, 2020 as the reference date, the closing share price of NanoCarrier stock on the TSE Mothers market on the reference date, and the average closing share prices over the one month from June 15, 2020 to the reference data, the three months from April 15, 2020 to the reference date, and the six months from January 15, 2020 to the reference date were used.

In the DCF Method, for NanoCarrier, based on NanoCarrier’s financial forecasts which take into account various factors such as the business plan prepared by NanoCarrier for the fiscal year ending March 2021 to the fiscal year ending March 2031, recent business results trends, and information generally available to the public, the corporate value and share price of NanoCarrier were valuated by discounting the free cash flows that NanoCarrier is expected to generate in the future from the fiscal year ending March 2021 to their present value using a certain discount rate. For AccuRna, based on AccuRna's financial forecasts which take into account various factors such as the business plan prepared by AccuRna for the fiscal year ending November 2020 to the fiscal year ending November 2023, recent business results trends, and information generally available to the public, the corporate value and share price of AccuRna were valued by discounting the free cash flows that AccuRna is expected to generate in the future from the fiscal year ending November 2020 to their present value using a certain discount rate.

The ranges of the merger ratios in the case of valuation of NanoCarrier stock by the average market price method and AccuRna stock by the DCF Method were 46.2-100.5 for common stock, 100.8-196.1 for Class A preferred stock, 128.1-243.8 for Class B preferred stock and 146.3-275.7 for Class B2 preferred stock while the ranges of the merger ratios in the case of valuation of NanoCarrier stock and AccuRna stock by the DCF Method were 50.9-73.9 for common stock, 111.1-144.2 for Class A preferred stock, 141.2-179.3 for Class B preferred stock and 161.2-202.7 for Class B2 preferred stock.

When calculating the merger ratios, Tajima CPA Office has assumed that information provided by NanoCarrier and AccuRna and information generally available to the public is accurate and complete and has not conducted any independent verification of the accuracy or completeness thereof. Tajima CPA Office has not conducted any independent valuation or assessment of the assets or liabilities (including off-the-book assets and liabilities and other contingent liabilities) of NanoCarrier and AccuRna, including analysis or valuation of each individual asset or liability, nor asked a third-party organization to conduct a valuation or assessment thereof. Tajima CPA Office's merger ratio calculations reflect information and economic conditions as of the reference date and assume that financial projections have been reasonably prepared and created by NanoCarrier and AccuRna and reflect the best projections and judgments available at present regarding the future financial condition of NanoCarrier and AccuRna.

The financial forecasts provided by NanoCarrier and AccuRna which Tajima CPA Office used as assumptions for the calculation by the DCF Method include fiscal years in which significant change in profits is expected. In NanoCarrier's case, drugs currently in the development pipeline such as NC-6004 are being developed with a view to gradual market introduction and NanoCarrier expects an increase in operating income due the manufacture and sale of these drugs.

AccuRna is currently preparing for the start of an investigator-initiated study targeting PRDM14 in patients with breast cancer and expects an increase in operation income, reflecting progress of this study and collaborative research with pharmaceutical companies and other partners.

(3) Expectation of delisting and reasons therefor

NanoCarrier is not expected to be delisted as a result of the Merger because it is the surviving company in the merger.

(4) Measures to avoid conflicts of interest

Among NanoCarrier's directors, Shiro Akinaga concurrently serves as President & CEO of AccuRna and Kazunori Kataoka holds shares issued by AccuRna. Accordingly, these two directors did not take part in the deliberation and resolution relating to the Merger at the meeting of the NanoCarrier's Board of Directors held on July 15, 2020.

At the meeting of NanoCarrier's Board of Directors, the proposal relating to the Merger was unanimously approved by four out of six directors, excluding the two directors mentioned above.

4. Summary of companies to merger

| | | NanoCarrier (surviving company) | AccuRna (absorbed company) |
|---|---|---|---|
| (1) | Name | NanoCarrier Co., Ltd. | AccuRna, Inc. |
| (2) | Address | Chuo 144-15, 226-39 Wakashiba, Kashiwa, Chiba | 3-42-1 Hongo, Bunkyo-ku, Tokyo |
| (3) | Name and title of representative | Tetsuhito Matsuyama, President & CEO | Shiro Akinaga, President & CEO |
| (4) | Description of business | Research and development of drugs using micellar nanoparticle technology | Research and development of nucleic acid therapeutics |

| | | | |
|---|---|---|---|
| (5) | Capital (as of March 31, 2020) | 4,135,865 thousand yen (Note 1) | 463,642 thousand yen |
| (6) | Date of incorporation | June 14, 1996 | December 18, 2015 |
| (7) | Total number of issued shares (as of March 31, 2020) | 66,057,401 shares (Note 2) | 27,073 shares (broken down as shown below)<br>6,000 shares of common stock<br>4,900 shares of class A preferred stock<br>11,623 shares of class B preferred stock<br>4,550 shares of class B2 preferred stock |
| (8) | End of fiscal year | March 31 | November 30 |
| (9) | Major shareholders and their shareholding ratios (as of March 31, 2020) | 1. Shin-Etsu Chemical Co., Ltd. 4.02%<br>2. Noritsu Koki Bio Holdings LLC 2.27%<br>3. THE BANK OF NEW YORK MELLON 140051 2.05%<br>4. CYNTEC CO., LTD. 2.01%<br>5. Ichiro Nakatomi 1.52%<br>(Note 3) | 1. Fast Track Initiative, Inc. 41.81%<br>2. UTokyo Innovation Platform Co., Ltd. 26.70%<br>3. Kazunori Kataoka 9.23%<br>4. SMBC Venture Capital Co., Ltd. 8.21%<br>5. NanoCarrier Co., Ltd. 7.38% |
| (10) | Financial status and business results for the most recent fiscal year | | |
| | Fiscal year | Fiscal year ended March 2020 | Fiscal year ended November 2019 |
| | Net assets | 8,768 million yen | 203,655 thousand yen |
| | Total assets | 8,944 million yen | 279,895 thousand yen |
| | Net assets per share | 131.33 yen | 7,522 yen (Note 4) |
| | Sales | 552 million yen | 5,737 thousand yen |
| | Operating income | -1,105 million yen | -309,433 thousand yen |
| | Ordinary income | -1,144 million yen | -308,934 thousand yen |
| | Earnings per share | -32.68 yen | -11,433 yen (Note 4) |

(Note 1) As stated in “Notice Concerning Reduction in Amount of Stated Capital and Appropriation of Retained Earnings” released by NanoCarrier on May 22, 2020, NanoCarrier plans to reduce its stated capital of 4,135,865,241 yen by 3,818,187,400 yen effective August 1, 2020.

(Note 2) As stated in “Notice Concerning Issuance of New Shares as Restricted Stock Compensation to Directors and Employees” released by NanoCarrier on June 26, 2020, NanoCarrier plans to issue 37,500 share of common stock to Directors (including Outside Directors) and employees of NanoCarrier on July 22, 2020.

(Note 3) The large volume shareholding report (change report), which was released to the public on August 6, 2019, states that Baillie Gifford & Co holds 2,165,400 shares of NanoCarrier common stock as of July 31, 2019 and that its shareholding ratio as of the above date is 3.84% but, since NanoCarrier cannot confirm the actual status of the shareholdings as of March 31, 2020, Baillie Gifford & Co is not included in “Major shareholders and their shareholding ratios.”

(Note 4) Given that AccuRna issued 1,820 shares of class B2 preferred stock on November 29, 2019 and 2,730 shares of class B2 preferred stock on December 6, 2019, AccuRna’s “net assets per share” and “earnings per share” are calculated by dividing net assets and net income (loss) respectively for the fiscal year ended November 2019 by 27,073 shares, which is the total number of issued shares after the share issuance on December 6, 2019.

5. Status after merger

There will be no change in NanoCarrier’s name, address, the name and title of its representative, the description of its business, its capital or its end of fiscal year as a result of the Merger.

6. Impact on business performance

The impact of the Merger on NanoCarrier’s business performance from the current fiscal year onwards has yet to be determined. NanoCarrier will promptly give notice of any impact requiring disclosure which comes to light in the future.