



Feb 12, 2016

MEDIPAL HOLDINGS CORPORATION

FunPep Co., Ltd.

Antibody-inducing Peptide Alliance Between MEDIPAL and FunPep

MEDIPAL HOLDINGS CORPORATION ("MEDIPAL") and FunPep Co., Ltd. ("FunPep") entered into an alliance agreement concerning antibody-inducing peptides on February 10.

Antibody-inducing peptides are functional peptides that FunPep is developing in collaboration with Osaka University Graduate School of Medicine to commercialize. These peptide drug candidates are designed to have a sustained effect by inducing antibodies that target disease-related proteins.

MEDIPAL believes that the commercialization and distribution of antibody-inducing peptides is of great social significance due to their novelty, advantageous economics, and superior patient convenience. As such, MEDIPAL and FunPep have reached an agreement to form a partnership.

Under the agreement, MEDIPAL will pay FunPep an upfront payment as well as provide financial support for FunPep's research and development of antibody-inducing peptides over the next 3 years to enable continued development.

In the event that FunPep out-licenses a drug candidate created from this R&D project, MEDIPAL will receive a portion of the upfront and development milestone payments that FunPep would receive from the licensee as well as preferential negotiation rights for wholesale distribution rights of the licensed-out drug candidate(s) in Japan and other countries.