(Stock Exchange Code 4563)
March 7, 2022

To Shareholders with Voting Rights:

Ei Yamada
President and Chief Executive Officer
AnGes, Inc.
7-7-15, Saito-asagi, Ibaraki, Osaka

NOTICE OF THE 23RD ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear shareholders:

You are hereby notified that the 23rd Annual General Meeting of Shareholders of AnGes, Inc. (the "Company") will be held for the purposes as described below.

To reduce the risk of the novel coronavirus disease (COVID-19) infection, we strongly request that shareholders refrain from attending the meeting in person on the day of the meeting regardless of their health condition. Shareholders who are elderly or have any underlying disease are requested to exercise careful judgment as they are believed to be severely affected by the infection.

Instead of attending the meeting in person, **you can exercise your voting right by either of the following methods. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 10:00 p.m. on Tuesday, March 29, 2022, Japan time.**

[Exercising your voting rights via mail (in writing)]

Please indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form and return it by mail so that it is received by the deadline specified above.

[Exercising your voting rights via the Internet]

Please enter your vote for or against each proposal in accordance with the instructions displayed on the screen either by scanning the QR Code shown on the enclosed Voting Right Exercise Form or accessing the website for the exercise of voting rights (https://evote.tr.mufg.jp/).

1. **Date and Time:** **Wednesday, March 30, 2022 at 10:00 a.m., Japan time**
2. **Place:** HERBIS HALL, HERBIS OSAKA B2F
   2-5-25 Umeda, Kita-ku, Osaka
3. **Meeting Agenda:**

Items to be reported:

1. The Business Report, Consolidated Financial Statements for the Company's 23rd Fiscal Year (January 1, 2021 - December 31, 2021) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the Company's 23rd Fiscal Year (January 1, 2021 - December 31, 2021)

Proposals to be resolved:

Proposal 1: Partial Amendments to the Articles of Incorporation
Proposal 2: Election of 6 Members of the Board
Proposal 3: Election of 1 Substitute Corporate Auditor

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

- A company briefing session for shareholders will be held following adjournment of the General Meeting of Shareholders.

- As the "Status of Share Acquisition Rights" in the Business Report, the "Consolidated Statements of Changes in Net Assets" and "Notes to the Consolidated Financial Statements" in the Consolidated Financial Statements and the "Non-consolidated Statements of Changes in Net Assets" and "Notes to the Non-consolidated Financial Statements" in the Non-consolidated Financial Statements are posted on the Company's website (https://www.anges.co.jp/en/) as stipulated by laws, regulations and Article 16 of the Articles of Incorporation, they are not included in the attached documents to this Notice of Annual General Meeting of Shareholders. As such, the attached documents include only an excerpt of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Accounting Auditor in preparing its accounting audit report, and the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements audited by the Corporate Auditors in preparing their audit report.

- In the event of revision to the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements or Consolidated Financial Statements, such revisions will be posted on the Company's website (https://www.anges.co.jp/en/). Please be advised in advance that the resolutions adopted at the 23rd General Meeting of Shareholders (Notice of Resolutions of the Annual General Meeting of Shareholders) will also be posted on the Company's website.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Partial Amendments to the Articles of Incorporation

1. Reasons for the Proposal

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the "Act Partially Amending the Companies Act" (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to establish provisions that information contained in the reference documents for general meetings of shareholders, etc. shall be provided electronically and that the Company may limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it, the Articles of Incorporation of the Company shall be amended as follows.

In addition, the current provision, Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc., will be deleted as it is no longer needed, and supplementary provisions will be established regarding the effective dates or others associated with these changes.

2. Details of the Amendments

The details of the amendments are as follows:

(The underlined sections denote amendments.)

Current Articles of Incorporation	Proposed Amendments
Article 16. Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc. The Company may, for convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the Internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.	(Deleted)
(Newly established)	Article 16. Measures for Electronic Provision, etc. The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically. 2. Among the measures to be provided electronically, the Company may choose not to include all or part of the measures stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.
(Newly established)	Supplementary Provisions 1. The deletion of Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) of the current Articles of Incorporation and the new establishment of the proposed Article 16 (Measures for Electronic Provision, etc.) shall come into effect on September 1, 2022. 2. Notwithstanding the provisions of the preceding paragraph, Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) of the current Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held by March 31, 2023.

Current Articles of Incorporation	Proposed Amendments
	3. These supplementary provisions shall be deleted on March 1, 2023 or after the lapse of three months from the general meeting of shareholders set forth in the preceding paragraph, whichever is later.

Proposal 2: Election of 6 Members of the Board

The terms of office of all 4 Members of the Board will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, the Company proposes the election of 6 Members of the Board.

The candidates for Members of the Board are as follows:

No.	Name	Current positions at the Company	Attendance at the Board of Directors meetings
1	Reappointment Ei Yamada	President and Chief Executive Officer	100% (18/18)
2	Reappointment External Independent Norikazu Eiki	Member of the Board	100% (18/18)
3	Reappointment External Independent Junichi Komamura	Member of the Board	100% (18/18)
4	Reappointment External Independent Makoto Hara	Member of the Board	100% (18/18)
5	New appointment External Independent Kimiko Murofushi		—
6	New appointment Naoya Sato		—

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Past experience, positions, responsibilities and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td>1</td><td>Reappointment

Ei Yamada
(June 27, 1950)</td><td>April 1981 Special Researcher, Japan Society for the Promotion of Science
April 1982 Joined Mitsubishi Kasei Corporation (currently Mitsubishi Chemical Corporation)
January 1995 Joined Sosei K.K.
August 2000 Joined Takara Shuzo Co., Ltd.
Director, Dragon Genomics Inc. (currently Takara Bio Inc.)
May 2001 Joined AnGes MG, Inc. (currently AnGes, Inc.)
General Manager of Business Development
August 2001 Member of the Board, AnGes MG, Inc. (currently AnGes, Inc.)
September 2002 President and Chief Executive Officer, AnGes MG, Inc. (currently AnGes, Inc.) (current)
(Significant concurrent positions)
President, AnGes USA, Inc.
External Board Member, MyBiotics Pharma Ltd.
External Member of the Board, EmendoBio Inc.</td><td>104,000</td></tr>
<tr><td colspan="4">[Reasons for appointment as a candidate for Member of the Board]
Since taking office as the President and Chief Executive Officer in September 2002, Mr. Ei Yamada has overseen decisions on management strategies, research and development, business development and management work as the chief executive of the Group. Moreover, he has experience, knowledge, and strong leadership skills required for steadily executing management objectives of the Group. Therefore, the Company has judged that Mr. Yamada will be well qualified as a Member of the Board of the Company and appointed him as a candidate for Member of the Board again.</td></tr>
<tr><td>2</td><td>Reappointment
External
Independent

Norikazu Eiki
(April 17, 1948)</td><td>August 1979 Joined Nihon Ciba-Geigy K.K.
January 1994 Joined Bayer Yakuhin, Ltd.
March 1997 Director (Shiga Factory Manager), Bayer Yakuhin, Ltd.
July 2002 Representative Director & President, Bayer Yakuhin, Ltd.
January 2007 Representative Director & Chairman, Bayer Yakuhin, Ltd.
April 2010 Director & Chairman, Bayer Yakuhin, Ltd.
May 2014 Member of the Board (External Director), AnGes MG, Inc. (currently AnGes, Inc.) (current)
(Significant concurrent positions)
Outside Director, FunPep Co., Ltd.
Outside Director, Towa Pharmaceutical Co., Ltd.
External Director, Solasia Pharma K.K.
Outside Director, Kidswell Bio Corporation</td><td>—</td></tr>
<tr><td colspan="4">[Reasons for appointment as a candidate for External Director and expected roles]
Mr. Norikazu Eiki has extensive experience and knowledge as a manager of a pharmaceutical company and provides valuable advice on the Company’s management as an External Director. Therefore, the Company has judged that he will fulfill the responsibilities as External Director and appointed him as a candidate for External Director again. Mr. Eiki will have served as an External Director of the Company for 7 years and 10 months at the conclusion of this General Meeting of Shareholders.</td></tr>
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<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Past experience, positions, responsibilities and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td>3</td><td>Reappointment
External
Independent

Junichi Komamura
(May 3, 1950)</td><td>April 1973
April 1996

August 2003
October 2003

April 2004

June 2004

April 2005

November 2005

October 2006
March 2012

(Significant concurrent positions)
External Director, Nippon Pillar Packing co., Ltd.
External Director, Tokai Trading Co., Ltd.</td><td>Joined Mitsubishi Corporation
Directors, portfolio companies of Mitsubishi Corporation in Italy and the UK
Executive Officer, Morishita Jintan Co., Ltd.
Executive Officer and Head of Corporate Planning, Morishita Jintan Co., Ltd.
Managing Executive Officer and Head of Corporate Planning, Morishita Jintan Co., Ltd.
Director, Managing Executive Officer and Head of Corporate Planning, Morishita Jintan Co., Ltd.
Senior Managing Director and Senior Managing Executive Officer, Morishita Jintan Co., Ltd.
Representative Director and Senior Managing Executive Officer, Morishita Jintan Co., Ltd.
Representative Director and President, Morishita Jintan Co., Ltd.
Member of the Board (External Director), AnGes MG, Inc. (currently AnGes, Inc.) (current)</td><td>—</td></tr>
<tr><td colspan="5">[Reasons for appointment as a candidate for External Director and expected roles]
Mr. Junichi Komamura has extensive experience and knowledge as a corporate manager and provides valuable advice on the Company’s management as an External Director. Therefore, the Company has judged that he will fulfill the responsibilities as External Director and appointed him as a candidate for External Director again. Mr. Komamura will have served as an External Director of the Company for 10 years at the conclusion of this General Meeting of Shareholders.</td></tr>
<tr><td>4</td><td>Reappointment
External
Independent

Makoto Hara
(March 15, 1951)</td><td>April 1974

August 1999

April 2003

June 2005

April 2008

April 2010

September 2010

June 2011

April 2012

June 2016
March 2018</td><td>Joined Sumitomo Chemical Co., Ltd. (currently Sumitomo Chemical Company Limited)
General Manager, Corporate Planning Office, Sumitomo Pharmaceuticals Co., Ltd.
General Manager, Pharmaceutical Operations Office, Sumitomo Chemical Company Limited
General Manager, Petrochemicals & Plastic Office, Sumitomo Chemical Company Limited
Executive Officer, General Manager, Corporate Planning & Coordination Office, Finance & Accounting, Sumitomo Chemical Company Limited
Managing Executive Officer, Sumitomo Chemical Company Limited
Senior Managing Executive Officer, Sumitomo Chemical Company Limited
Senior Executive Officer, Sumitomo Dainippon Pharma Co., Ltd.
Member, Board of Directors, Senior Executive Officer, Sumitomo Dainippon Pharma Co., Ltd.
Member, Board of Directors, Executive Vice President, Sumitomo Dainippon Pharma Co., Ltd.
Advisor, Sumitomo Dainippon Pharma Co., Ltd.
Member of the Board (External Director), AnGes, Inc. (current)</td><td>—</td></tr>
<tr><td colspan="5">[Reasons for appointment as a candidate for External Director and expected roles]
Mr. Makoto Hara has extensive experience and knowledge as a manager of a pharmaceutical company and provides valuable advice on the Company’s management as an External Director. Therefore, the Company has judged that he will fulfill the responsibilities as External Director and appointed him as a candidate for External Director again. Mr. Hara will have served as an External Director of the Company for 4 years at the conclusion of this General Meeting of Shareholders.</td></tr>
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<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Past experience, positions, responsibilities and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td>5</td><td>New appointment
External
Independent

Kimiko Murofushi
(April 9, 1947)</td><td>March 1972
March 1976
April 1977

April 1983

April 1996

December 1999

July 2003

March 2011
May 2013

April 2015
April 2015
November 2021</td><td>Master of Science, Ochanomizu University
Ph.D., Graduate School of Medicine, The University of Tokyo
Research Associate, The Public Health Research Institute of the City of New York (U.S.)
Assistant Professor, Faculty of Science/Graduate School of Humanities and Sciences, Ochanomizu University
Professor, Faculty of Science/Graduate School of Humanities and Sciences, Ochanomizu University
Visiting Professor, Université Louis Pasteur (currently Université de Strasbourg) (France)
Council Member, Science Council of Japan, the 19th Term (through the 22nd Term)
Outside Director, Bridgestone Corporation
Professor Emeritus, Professor of Endowed Research Division, Ochanomizu University
President, Ochanomizu University
Auditor, Japan Agency for Medical Research and Development
Docteur Honoris Causa, Université de Strasbourg (France)</td><td>—</td></tr>
<tr><td colspan="5">[Reasons for appointment as a candidate for External Director and expected roles]
Ms. Kimiko Murofushi has extensive global experience and knowledge in the development of researchers as a biological researcher. Moreover, she has successively served as a government committee member and in other roles. The Company expect her to give objective opinions or advice regarding overall management. Therefore, the Company has judged that she will fulfill the responsibilities as External Director and appointed her as a new candidate for External Director.</td></tr>
<tr><td>6</td><td>New appointment

Naoya Sato
(April 25, 1960)</td><td>April 1985

April 2010

April 2013

June 2015

April 2020
May 2020

October 2021</td><td>Joined Mitsubishi Kasei Corporation (currently Mitsubishi Chemical Corporation)
Manager, International Business Department, Mitsubishi Tanabe Pharma Corporation
General Manager, Department I, Pharmacology Research Laboratories II, Mitsubishi Tanabe Pharma Corporation
Seconded as Specially Appointed Professor, TMK Project, Medical Innovation Center, Graduate School of Medicine, Kyoto University
Retired from Mitsubishi Tanabe Pharma Corporation
Joined AnGes, Inc.
Director of Office of the President
Director of Corporate Development, AnGes, Inc. (current)</td><td>—</td></tr>
<tr><td colspan="5">[Reasons for appointment as a candidate for Member of the Board]
Mr. Naoya Sato has long been involved in research and development at a pharmaceutical company, experiencing industry-academia collaboration with university and other institutions. Moreover, he has experience, knowledge, and leadership skills required for steadily executing objectives of the Company as a person responsible for corporate development in the Company. Therefore, the Company has judged that Mr. Sato will be well qualified as a Member of the Board of the Company and appointed him as a new candidate for Member of the Board.</td></tr>
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(Notes)

1. There are no special interests between the candidates and the Company.
2. Messrs. Norikazu Eiki, Junichi Komamura and Makoto Hara as well as Ms. Kimiko Murofushi are candidates for External Directors.
3. The Company has designated and registered Messrs. Norikazu Eiki, Junichi Komamura and Makoto Hara as Independent Directors as stipulated by the Tokyo Stock Exchange. In addition, the Company will designate and register Ms. Kimiko Murofushi as Independent Director as stipulated by the Tokyo Stock Exchange if she is elected as External Director.
4. The Company has entered into liability limitation agreements with Messrs. Norikazu Eiki, Junichi Komamura and Makoto Hara as stipulated in Article 427, Paragraph 1 of the Companies Act and Article 29 of the Company's Articles of Incorporation, and will continue the agreements if their appointments are approved. The limit of the liability for compensation of damages under such agreement is the amount stipulated in each item of Article 425, Paragraph 1 of the Companies Act. This limit will be applicable only when the performance of their duties giving rise to such responsibilities is recognized to have been carried out in good faith and with no gross negligence. The Company will enter into the same liability limitation agreement with Ms. Kimiko Murofushi, if she is elected as External Director.
5. The Company has entered into a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. In the event of a claim for damages submitted by a shareholder or a third party, the said insurance contract shall cover damages including compensation for damages and legal expenses to be borne by the insureds. The candidates will be insured under the insurance contract if their election is approved. The premiums of the said insurance are paid by the Company, including riders. Therefore, the insureds do not bear the actual premiums.

Proposal 3: Election of 1 Substitute Corporate Auditor

The advance election of 1 Substitute Corporate Auditor is proposed in preparation of a shortfall in the number of Corporate Auditors prescribed by laws and regulations.

The Board of Corporate Auditors has previously given its approval to this proposal.

The appointment of the candidate elected may be revoked by a resolution of the Board of Directors upon approval by the Board of Corporate Auditors, provided that the revocation takes place before the elected candidate assumes office.

The candidate for Substitute Corporate Auditor is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions		Number of shares of the Company held
Akihiro Narimatsu (August 12, 1947)	April 1973	Joined Mitsubishi Kasei Corporation (currently Mitsubishi Chemical Corporation)	—
	October 2001	CEO, Mitsubishi Pharma America, Inc. (currently Mitsubishi Tanabe Pharma Holdings America, Inc.)	
	July 2003	Executive Officer, Deputy General Manager, Production Division, Mitsubishi Pharma Corporation (currently Mitsubishi Tanabe Pharma Corporation)	
	June 2004	Managing Executive Director, Deputy General Manager, Production Division, Mitsubishi Pharma Corporation	
	July 2004	Managing Executive Director, General Manager, Production Division, Mitsubishi Pharma Corporation	
	July 2006	Corporate Auditor, Mitsubishi Pharma Corporation	
	October 2007	Corporate Auditor, Mitsubishi Tanabe Pharma Corporation	
	March 2013	External Standing Corporate Auditor, AnGes MG, Inc. (currently AnGes, Inc.)	
	March 2017	External Corporate Auditor, AnGes MG, Inc. (currently AnGes, Inc.)	
[Reasons for appointment as a candidate for Substitute External Corporate Auditor] Mr. Akihiro Narimatsu has extensive experience and knowledge in the pharmaceutical industry and has adequately performed his duties as an External Corporate Auditor of the Company over the years. Therefore, the Company has judged that he will execute his duties as an External Corporate Auditor appropriately and appointed him as a candidate for Substitute External Corporate Auditor.			

(Notes)

1. There are no special interests between the candidate and the Company.
2. Mr. Akihiro Narimatsu is a candidate for Substitute External Corporate Auditor.
3. If Mr. Akihiro Narimatsu assumes office as External Corporate Auditor, the Company will designate and register him as Independent Corporate Auditor as stipulated by the Tokyo Stock Exchange.
4. If Mr. Akihiro Narimatsu assumes office as External Corporate Auditor, the Company will enter into a liability limitation agreement, as stipulated in Article 427, Paragraph 1 of the Companies Act and Article 38 of the Company's Articles of Incorporation. The limit of the liability for compensation of damages under such agreement is the amount stipulated in each item of Article 425, Paragraph 1 of the Companies Act. This limit will be applicable only when the performance of his duties giving rise to such responsibilities is recognized to have been carried out in good faith and with no gross negligence.
5. The Company has entered into a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. In the event of a claim for damages submitted by a shareholder or a third party, the said insurance contract shall cover damages including compensation for damages and legal expenses to be borne by the insureds. Mr. Akihiro Narimatsu will be insured under the insurance contract if he assumes office as External Corporate Auditor. The premiums of the said insurance are paid by the Company, including riders. Therefore, the insureds do not bear the actual premiums.

(Attached documents)

Business Report

(January 1, 2021 to December 31, 2021)

I. Current Status of the Group

1. Business Progress and Results

General overview

The Group (the Company, and three consolidated subsidiaries) is marketing the HGF gene therapy product Collategene®, indicated for the improvement of ulcers in chronic arterial occlusive disease, after obtaining conditional and time-limited domestic approval for its manufacturing and distribution in the fiscal year 2019. In addition, we began conducting optional newborn screening test for rare hereditary diseases at AnGes Clinical Research Laboratory (ACRL, former Registered Clinical Laboratory) established in April 2021.

Regarding Collategene®, we have proceeded with post marketing surveillance to obtain the regular approval in Japan. In parallel to this, we have been conducting Phase III clinical trials for resting pain with the aim of expanding the indications for this product and have completed the target number of administrations. We also have been conducting Phase IIb clinical trials in the U.S. for the treatment of arteriosclerosis obliterans patients with lower limb ulcers.

Regarding NF-κB decoy oligonucleotide, the administration of Phase Ib clinical trials for discogenic low back pain has been completed, confirming results of its safety and efficacy. Regarding the hypertensive DNA vaccine, the administration of Phase I/IIa clinical trials was completed. No serious adverse event was observed and its safety was confirmed. We will consider moving on to clinical studies for commercialization.

Furthermore, in March 2020, the Group started the development of a prophylactic DNA vaccine targeting COVID-19. To increase the efficacy, Phase I/II clinical trials have been conducted with a high-dose formulation with a target number of 400 cases, whose inoculation was completed in November 2021. In addition, Phase I clinical trials for AV-001, which is being jointly developed with Canada-based Vasomune Therapeutics, Inc. (hereinafter "Vasomune"), for the treatment of COVID-19 in healthy subjects, have been underway in the U.S. to confirm safety and tolerability.

In addition to these existing projects, the Company has made EmendoBio Inc. (hereinafter "Emendo"), which possesses novel genome editing technology and a development pipeline, a subsidiary to promote genome drug discovery. We are in discussions with the Emendo's management to prepare for the promotion of development projects in the future. By expanding its development pipeline through joint development with strategic partners and capital participation in other companies, the Company aims to become a global leader in the field of gene medicine.

The Group records sales income from the HGF gene therapy product Collategene® as net sales of finished goods and that from the optional newborn screening tests for rare hereditary diseases as commission income. Upfront payments and milestone payments from partner companies are recorded as research and development revenues.

Our research and development activities are progressing as described in the "Overview of R&D" section below.

As a result, for the fiscal year ended December 31, 2021, the Company recorded business revenues of 64 million yen (an increase of 24 million yen (60.4%) year-on-year), ordinary loss of 13,588 million yen (ordinary loss of 6,618 million yen in the previous fiscal year), and loss attributable to owners of parent of 13,675 million yen (loss attributable to owners of parent of 4,209 million yen in the previous fiscal year).

The Company included the results of Emendo, which became a subsidiary in December 2020, in the consolidated income statement from the fiscal year under review.

Overview of R&D

With the aim of becoming a global leader in the field of gene medicine, we are engaged in the development of pharmaceuticals with a focus on gene therapy. In particular, with regard to COVID-19 that has been spreading since the end of 2019, we are pursuing development in and outside Japan based on two axes: prophylactic vaccines and therapeutic drugs. In the field of genome editing, which is the ultimate gene therapy, we have made Emendo, a company with advanced technology, a subsidiary. Working with Emendo and using genome editing technology,

we will develop drugs for diseases for which there has been no treatment. Specifically, we are considering launching a project of the developed product that targets ELANE (neutrophil elastase gene) -related severe congenital neutropenia, by using Emendo's technology (OMNI Platform) that can create new genome-editing tools and be safely used in the treatment of patients.

The HGF gene therapy product Collategene®, which was commercialized in September 2019, is undergoing clinical trials in and outside Japan with the aim of expanding its indications and gaining approval in the U.S. We have also been active in out-licensing activities and signed a basic agreement regarding the approval of exclusive sales rights with Israeli company Kamada Ltd. and Turkish company Er-Kim to commercialize Collategene® in their respective countries. We are also continuing to develop NF-κB decoy oligonucleotide for discogenic low back pain and Hypertension DNA Vaccine.

The Company is also actively engaged in alliances with overseas companies to jointly develop promising drugs for commercialization.

Status of Projects at Clinical Development Stages

■ Conditional and time-limited approval system

Project (active ingredient)	Area	Partner	Code / Dosage form	Indication	Basic research	Preclinical study	Clinical trial		Application for approval	Conditional and time-limited approval	Launch - Distribution	Post-marketing surveys	Approval
							Phase I	Phase II					
HGF Gene Therapy Product (Beperminogene Perplasmid)	Japan	Mitsubishi Tanabe Pharma Corporation	AMG0001 Injection	Chronic arterial occlusive disease with lower limb ulcer						Approved	On sale	In progress	

■ Regular approval system

Project	Area	Partner	Code / Dosage form	Indication	Basic research	Preclinical study	Clinical trial			Application for approval	Approval
							Phase I	Phase II	Phase III		
HGF Gene Therapy Product (Beperminogene Perplasmid)	Japan	Mitsubishi Tanabe Pharma Corporation	AMG0001 Injection	Chronic arterial occlusive disease with rest pain					In progress		
	USA	Mitsubishi Tanabe Pharma Corporation	AMG0001 Injection	Chronic arterial occlusive disease				Phase II b in progress			
	Israel	Kamada		Chronic arterial occlusive disease						Preparing for application	
	Turkey	Er-Kim		Chronic arterial occlusive disease with lower limb ulcer						Preparing for application	
NF-kB Decoy Oligonucleotide	USA	-	AMG0103 Injection	Chronic discogenic lumbar back pain				In preparation			
DNA Vaccine	Australia	-	AGMG0201 Injection	Hypertension			Completed				
DNA Vaccine	Japan and overseas	-		COVID-19			In progress				
Tie2 Receptor Agonist Compound	USA	Vasomune		COVID-19/ ARDS				Phase II a in progress			

*In addition to the above projects, the development pipeline includes drugs for chronic hepatitis B and Ebola hemorrhagic fever antiserum in the exploratory, basic research and preclinical stages.

■ Prophylactic DNA vaccine against COVID-19 (in-house product)

Using plasmid DNA technology, the Company began developing a prophylactic vaccine targeting COVID-19 in collaboration with Osaka University in March 2020 and conducted Phase I/II and II/III clinical trials. As a result of these analyses, we confirmed there was no problem in safety and a certain increase in cell-mediated immunity. However, we also confirmed that the expected effect could not be obtained on humoral immunity, indicating the necessity to further enhance its efficacy. We then, to increase the efficacy, conducted Phase I/II clinical trials with a high-dose formulation with two inoculation methods (intramuscular and intradermal), using only the active drug but no placebo, with a target number of 400 cases. The inoculation was completed for the target number of people in November 2021.

■ COVID-19 treatment (co-development product)

The Company has entered into a joint development agreement with Vasomune, a Canadian biopharmaceutical company, for drugs for the treatment of diseases caused by vascular insufficiency such as acute respiratory failure. From December 2020, we performed Phase I clinical trials of AV-001 for the treatment of COVID-19 in healthy subjects in the U.S. and confirmed good results of its safety and tolerability. Phase IIa clinical trials were started in the U.S. in January 2022.

■ HGF gene therapy product (active ingredient: beperminogene perplasmid) (in-house product)
<Target disease: Chronic arterial occlusive disease>

With regard to the development of HGF gene therapy product for chronic arterial occlusive diseases, we have utilized the conditional and time-limited approval system (enacted in November 2014) for the early commercialization of regenerative medical products under the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (Pharmaceuticals and Medical Devices Act). In March 2019, we received conditional and time-limited approval for the improvement of ulcers in chronic arterial occlusive diseases as Japan's first gene therapy product, Collategene®, which was launched on September 10, 2019. This approval is conditional and time-limited, and we will conduct post marketing surveillance by 2024 to obtain this approval. At the end of 2021, registration of 120 patients for the test group (Collategene-administration group) and 80 for the control group (non-administration group), which are the target numbers for post marketing surveillance, has been completed.

Mitsubishi Tanabe Pharma Corporation (hereinafter "Mitsubishi Tanabe Pharma") and the Company have concluded an agreement for the approval of exclusive sales rights regarding the sales of HGF gene-therapy product Collategene® targeting peripheral arterial diseases, with Mitsubishi Tanabe Pharma being in charge of sales and marketing of the product in Japan and the U.S. As for overseas development, we have been conducting Phase IIb clinical trials in the U.S. since January 2020 for the treatment of arteriosclerosis obliterans patients with lower limb ulcers.

<Target disease: Chronic arterial occlusive disease with rest pain>

In order to expand the indications for Collategene®, we have been conducting Phase III clinical trials in patients with chronic arterial occlusive disease with rest pain in Japan since October 2019. The administration was completed for the target number of cases in December 2021.

■ NF-κB decoy oligonucleotide
<Target disease: Discogenic low back pain (in-house product)>

Development of NF-κB decoy oligonucleotide, a nucleic acid medicine, is underway for the indication of low back pain including discogenic low back pain. The Company has been conducting Phase Ib clinical trials since February 2018 for discogenic low back pain. Treatment was well tolerated by the patients and no serious adverse events were observed after 6 months and 12 months from the injection, confirming its safety. In addition, an exploratory evaluation of the data showed that patients experienced significant and sustained reduction in back pain, confirming the efficacy of the treatment. The Company is now preparing for Phase II clinical trials for the project.

Regarding the other development of nucleic acid medicine decoy oligonucleotide, we have been conducting research on chimera decoy, the next generation NF-κB decoy oligonucleotide, which acts to simultaneously suppress NF-κB and STAT6, two of the key transcription factors involved in inflammation. Compared with the former decoy oligonucleotide, which only targets NF-κB, it is expected that this decoy would exert a stronger and wider anti-inflammatory effect.

■ Hypertension DNA vaccine (in-house product)

In addition to gene therapy products and nucleic acid medicines, the Group focuses on the development of DNA vaccines as the third pillar of gene medicine and is developing a DNA vaccine to treat hypertension. The Company evaluated the initial results of the Phase I/IIa clinical trials conducted in Australia after injection, and confirmed that there were no serious adverse effects or safety issues, and that antibodies against angiotensin II were produced. The results were published in Hypertension Research as well as presented at the Late Breaking Abstract of the 43rd Annual Scientific Meeting of the Japanese Society of Hypertension. The Company continues to consider conducting trials to evaluate the safety, immunogenicity, and efficacy of the vaccine.

New R&D Projects and New Business Projects

■ Development of products for gene therapy using genome editing technologies

In December 2020, the Company has made Emendo, a company with advanced genome editing technology and a development pipeline using this technology, a subsidiary in order to take on the challenge of the treatment of genetic diseases using genome editing technology, which is said to be the ultimate gene therapy. Emendo's genome editing technology is an innovative and practical proprietary technology that enables highly efficient and accurate genome editing. Specifically, we are considering launching a project of the developed product that targets ELANE (neutrophil elastase gene) -related severe congenital neutropenia, by using Emendo's technology (OMNI

Platform) that can create new genome-editing tools and be safely used in the treatment of patients.

■ ACRL established mainly for rare hereditary disease testing

In April 2021, ACRL was established within the Life Science & Environment research center with the main purpose of testing for rare hereditary diseases. We will support the activities of Clinical & Research Association for Rare, Intractable Diseases (CReARID), to expand the scale of its optional newborn screening project and the target diseases it covers. With the aim of expanding tests for rare hereditary diseases, we will continue to build a system that can carry out comprehensive tests from diagnosis to treatment for all patients, such as definitive tests and biomarker tests to monitor the therapeutic effect, in addition to the currently conducted screening tests for newborn babies.

■ Disease prevention and health maintenance using the microbiome

In July 2018, the Company entered into a capital alliance with MyBiotics Pharma Ltd., an Israeli company that develops curative drugs and health maintenance supplements using intestinal flora, with the aim of finding intestinal bacteria that match the health and constitution of each individual and developing medicines and supplements containing such bacteria.

■ Strategic development collaboration with Brickell Biotech, Inc. (former Vical Incorporated)

Vical, with which the Company entered into a strategic business alliance in December 2016, signed a merger agreement with Brickell Biotech, Inc. of the U.S. in August 2019, and the new company name after the merger became Brickell Biotech, Inc. In September 2020, the Company entered into a joint development agreement with Brickell Biotech, Inc. for the clinical development of a prophylactic DNA vaccine targeting COVID-19 in the U.S.

2. Overview of Capital Investments

The total amount of capital investment made during the fiscal year under review was 128 million yen. This was mainly due to investment in R & D facilities.

3. Overview of Financing

In March 2021, the Company issued the 41st series of share acquisition rights (third-party allotment) to Cantor Fitzgerald & Co., Ltd., and all the rights were exercised by May 2021, raising 17,474 million yen for the fiscal year under review.

4. Issues to be Addressed

As a drug-discovery bio-venture, the Group is engaged in the development, manufacturing, and marketing of pharmaceuticals, including next-generation biopharmaceuticals such as gene medicine (DNA plasmid drugs and nucleic acid medicines) and therapeutic vaccines. In addition, since the fiscal year 2020, the Group has pursued the expansion of its business base through the expansion of the development pipeline by developing prophylactic DNA vaccines against COVID-19 and other efforts, and also through the acquisition of Emendo, a company with advanced genome editing technology.

On the other hand, the pharmaceutical business is characterized by the need for a large amount of capital and a long period of time to commercialize a product. For this reason, the Group has continuously recorded operating loss and negative cash flow, and it has not generated enough revenue to compensate for all development investments. Accordingly, significant doubt has arisen as to the Company's ability to continue as a going concern.

Against this backdrop, the Group is working on the following important issues for its continuous development without creating significant uncertainty on the premise of a going concern.

(1) Progressing own existing projects

In March 2019, the Group obtained conditional and time-limited approval from the Ministry of Health, Labour and Welfare for the manufacturing and sale of Collategene®, Japan's first gene therapy product, and sales began in September 2019. The Group is currently conducting post marketing surveillance, and progressing clinical trials in Japan to expand the indication of Collategene® and clinical trials in the U.S. targeting arteriosclerosis obliterans. The Group is also engaged in five projects overseas, including NF-κB decoy oligonucleotide, a nucleic acid medicine, for discogenic low back pain, the DNA vaccine for hypertension, the prophylactic DNA vaccine, which we started developing in March 2020 in response to the global spread of COVID-19, and the treatment drug for COVID-19, which is under joint development with Vasomune. We believe that our top priority is to ensure that these projects are proceeding.

(2) Expansion of development pipeline and business base

In response to the global spread of COVID-19, the Group has been working on the development of a prophylactic vaccine and a treatment drug. In addition, the Group is preparing to launch a specific project using genome editing technology, which is said to be the ultimate gene therapy, by making Emendo, a company with advanced technology in genome editing, a subsidiary. The Group aims to become a global leader in the field of gene therapy through the expansion of these development pipelines and the expansion of our business base.

In order to achieve future growth going forward, the Group seeks to expand its business base by adding to its pipeline via the following: in-licensing drug candidates, conducting joint development, entering into business partnerships to secure drug discovery platform technologies, gaining capital participation of other companies, and acquiring other companies.

(3) Securing alliance partners for development projects

In order to reduce the risk of development projects, the Group adopts an alliance model for development projects, teaming up with pharmaceutical companies to receive upfront and milestone payments and development cooperation payments to reduce financial risk during the development period.

The Company signed an agreement with Mitsubishi Tanabe Pharma Corporation regarding exclusive sales rights of HGF gene therapy product Collategene® in the U.S. and Japan, and expects to receive milestone payments and royalties. In February 2019, we signed a basic agreement with Kamada Ltd. regarding the approval of exclusive sales rights of the HGF gene therapy product Collategene® in Israel. Furthermore, in October 2020, we signed a basic out-licensing agreement (approval of exclusive sales rights) with Er-Kim, a Turkish company that deals with specialty drugs (drugs specialized in specific diseases), to market Collategene® in Turkey. As for NF-κB decoy oligonucleotide, the nucleic acid medicine for discogenic low back pain, and the DNA vaccine for hypertension, clinical trials are progressing as planned, and the Company will aim to reduce the burden of development costs by out-licensing the drugs to pharmaceutical companies at an early stage to obtain upfront payment, royalties, and other payments. The Group will continue to work to strengthen its business base by pursuing alliances with pharmaceutical companies going forward.

(4) Capital raising

For the Group, it is important to promote R&D activities and expansion of our business base for continuous development, and for this purpose, it is necessary to raise funds flexibly according to the situation. On March 24, 2021, the Company issued the 41st series of share acquisition rights (third-party allotment) to Cantor Fitzgerald & Co., Ltd., and all the rights were exercised by May 2021, raising 17,474 million yen for the fiscal year under review. The Company will continue to consider the possibility of raising capital as necessary to perform R&D activities and maintain the company.

As a result of the implementation of these various measures, we have determined that there is no significant uncertainty as to the Company's ability to continue as a going concern.

5. Changes in the Status of Assets and Profit and Loss

(in thousands of yen, unless otherwise specified)

Category	The 20th fiscal year ended December 31, 2018	The 21st fiscal year ended December 31, 2019	The 22nd fiscal year ended December 31, 2020	The 23rd fiscal year ended December 31, 2021 (Fiscal year under review)
Business revenues	610,050	326,759	39,998	64,148
Ordinary profit (loss)	(3,096,213)	(3,293,214)	(6,618,353)	(13,588,973)
Loss attributable to owners of parent	(2,996,629)	(3,750,823)	(4,209,511)	(13,675,587)
Net loss per share	(34.46)	(35.81)	(35.33)	(92.86)
Total assets	8,050,672	12,524,600	38,354,611	45,455,746
Total net assets	7,734,459	12,055,351	32,679,675	38,634,741

(Notes)

1. Net loss per share is calculated based on the average number of shares outstanding during the period.
2. Business revenues, ordinary loss, net loss attributable to owners of parent, total assets, and

total net assets are rounded down to the nearest thousand yen, and net loss per share is rounded to the nearest display unit.

6. Status of Important Parent Companies and Subsidiaries

1) Status of important subsidiaries

Name of company	Share capital	Share of voting rights	Main business activities
AnGes USA, Inc.	USD thousand 400	100.0%	Development of gene medicine and other medicines in the U.S.
EmendoBio Inc.	USD thousand 57,977	85.3%	Development of genome editing technologies

(2) Results of business combinations

The Company has three consolidated subsidiaries.

Business revenues for the fiscal year under review were 64 million yen (an increase of 60.4% year-on-year), and loss attributable to owners of parent was 13,675 million yen (loss attributable to owners of parent of 4,209 million yen in the previous fiscal year).

7. Principal Business (as of December 31, 2021)

1) R&D of an HGF gene therapy product
2) R&D of NF-κB decoy oligonucleotide (nucleic acid medicine)
3) R&D of DNA vaccine for hypertension
4) R&D of a prophylactic DNA vaccine and a treatment drug for COVID-19
5) Development of products for gene therapy using genome editing technologies
6) Optional screening test for rare hereditary diseases
7) R&D of other pipelines

8. Principal Business Locations (as of December 31, 2021)

1) The Company's principal business locations
Head Office: Ibaraki-shi, Osaka
Tokyo Office: Minato-ku, Tokyo
2) Principal business locations of subsidiaries
AnGes USA, Inc.: Maryland, USA
EmendoBio Inc.: New York, USA

9. Status of Employees (as of December 31, 2021)

1) Status of employees of the Group

Number of employees	Change from the end of the previous fiscal year
131	+41

(Notes)

1. The number of employees is the number of employees working full-time, and does not include employees on leave of absence and seven temporary employees (average number of employees per year).
2. The increase in the number of employees compared to the end of the previous fiscal year was due to the addition of employees of Emendo, where the number of R & D personnel has been increased to strengthen genome editing technology development.

2) Status of employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average length of service
42	+8	52.3 years old	7 years and 4 months

(Note)

The number of employees is the number of employees working full-time, and does not include employees on leave of absence and seven temporary employees (average number of employees per year).

II. Status of Shares (as of December 31, 2021)

1. Total Number of Shares Authorized to be Issued **250,000,000 shares**

2. Total Number of Shares Issued **153,072,400 shares**
(including 92 shares of treasury stock)

3. Number of Shareholders **127,533 persons**

4. Major Shareholders

Name of shareholders	Number of shares held (shares)	Shareholding ratio (%)
SBI SECURITIES Co., Ltd.	1,447,059	0.94
MLPFS CUSTODY ACCOUNT	1,205,005	0.78
Shionogi & Co., Ltd.	1,186,800	0.77
Nomura Securities Co., Ltd.	985,050	0.64
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	981,985	0.64
JPLLC CLIENT ASSETS-SK J	934,794	0.61
Matsui Securities Co., Ltd.	711,100	0.46
Ryuichi Morishita	691,600	0.45
Custody Bank of Japan, Ltd. (Trust Account 7)	616,400	0.40
STATE STREET BANK WEST CLIENT-TREATY 505234	580,000	0.37

(Note)
The shareholding ratio is calculated excluding the number of treasury stock (92 shares) and rounded down to the nearest display unit.

III. Status of Company Officers

1. Status of Members of the Board and Corporate Auditors (as of December 31, 2021)

Position	Name	Responsibilities or significant concurrent positions
President and Chief Executive Officer	Ei Yamada	Corporate Officer President, AnGes USA, Inc. External Member of the Board, EmendoBio Inc. External Board Member, MyBiotics Pharma Ltd.
Member of the Board	Norikazu Eiki	Outside Director, FunPep Co., Ltd. Outside Director, Towa Pharmaceutical Co., Ltd. External Director, Solasia Pharma K.K. Outside Director, Kidswell Bio Corporation (formerly Gene Techno Science Co., Ltd.)
Member of the Board	Junichi Komamura	External Director, Nippon Pillar Packing co., Ltd. External Director, Tokai Trading Co., Ltd.
Member of the Board	Makoto Hara	
Standing Corporate Auditor	Naoyuki Ono	
Corporate Auditor	Katsunori Horikoshi	
Corporate Auditor	Koichi Ando	

(Notes)

1. Messrs. Norikazu Eiki, Junichi Komamura and Makoto Hara are External Directors as stipulated in Article 2, Item 15 of the Companies Act.
2. Messrs. Naoyuki Ono, Katsunori Horikoshi and Koichi Ando are External Corporate Auditors as stipulated in Article 2, Item 16 of the Companies Act.
3. The Company has designated and registered Messrs. Norikazu Eiki, Junichi Komamura and Makoto Hara as Independent Directors as stipulated by the Tokyo Stock Exchange.
4. The Company has designated and registered Messrs. Naoyuki Ono, Katsunori Horikoshi and Koichi Ando as Independent Corporate Auditors as stipulated by the Tokyo Stock Exchange.
5. Messrs. Naoyuki Ono and Koichi Ando were newly elected and assumed office as Corporate Auditors at the 22nd Annual General Meeting of Shareholders held on March 30, 2021. Messrs. Akihiro Narimatsu and Tadashi Hishida retired as Corporate Auditors due to expiration of their terms of office at the conclusion of the 22nd Annual General Meeting of Shareholders.
6. Messrs. Kazuo Suzuki and Tetsuharu Yoneo retired as Members of the Board due to expiration of their terms of office at the conclusion of the 22nd Annual General Meeting of Shareholders held on March 30, 2021.

2. Remuneration for Officers

(i) Policy for deciding on the individual remuneration for Members of the Board and Corporate Auditors

The Company offers the basic remuneration for Members of the Board in the form of monthly fixed payment. The individual amounts are determined according to their positions, responsibilities, and tenure of office, while comprehensively considering the remuneration level of other companies, our business performance, and the level of our employee salaries. In consideration of various factors such as the balance between conventional standards and titles of each Member of the Board and Corporate Auditor, the amount of remuneration is determined through deliberation by the Board of Corporate Auditors for Corporate Auditors or by the Board of Directors for the other corporate officers.

a. Policy on basic remuneration

Remuneration for Members of the Board is fixed remuneration, at an annual maximum of 200 million yen, as resolved at the Inaugural General Meeting held on December 17, 1999 (there were three Members of the Board at that time). President and Chief Executive Officer appointed by the Board of Directors decides the remuneration in consideration of various factors such as the management activities, the degree of contribution to each role, the balance with salary, among others, at the meeting of the Board of Directors held after the Annual General Meeting of Shareholders every year.

The Board of Directors has confirmed that the individual remuneration for Members of the Board and the details of such remuneration for the fiscal year under review are consistent with our decision policy.

Remuneration for Corporate Auditors is fixed remuneration, the amounts of which are determined at the meetings of Corporate Auditors in consideration of whether they serve full-time or part-time and the details of the duties each Corporate Auditor is responsible for. The amount of remuneration for Corporate Auditors is fixed at an annual maximum of 60 million yen, as resolved at the Inaugural General Meeting held on December 17, 1999 (there was one Corporate Auditor at that time).

b. Policy on performance-based remuneration

The Company does not adopt performance-based remuneration.

c. Policy on non-monetary remuneration

The Company allocates share acquisition rights as stock remuneration-type stock options that take effect upon retirement to the Members of the Board, intending to boost their morale and motivation for contributing to the improvement of medium- to long-term business performance and corporate value.

The scope of remuneration relating to the stock remuneration-type stock options to be allocated to the Members of the Board upon retirement was set, aside from the maximum amount of the fixed remuneration, to be up to the annual amount of 100 million yen at the 19th Annual General Meeting of Shareholders held on March 29, 2018 (there were five Members of the Board at that time). The share acquisition rights to be allotted are conditioned to be exercised at the time of retirement with the exercise price of 1 yen.

The Board of Directors resolved to issue the share acquisition rights to five Members of the Board (including External Directors) and four Members of the Board (including External Directors) at the meetings held on April 23, 2018, and April 22, 2019, respectively.

(ii) Matters relating to decisions on the details of the individual remuneration for Members of the Board

The Chief Executive Officer is delegated to determine the details of the individual remuneration amounts based on the resolution of the Board of Directors, and the scope of that authority is the basic remuneration of each Member of the Board. This delegation is based on the judgement that the Chief Executive Officer is suitable for evaluating each Member of the Board while taking into consideration various factors including the overall business performance of the Company.

(iii) Activity of the Board of Directors related to the process of determining remuneration for Members of the Board during the fiscal year under review

As part of its activities relating to the determination of remuneration for Members of the Board during the fiscal year under review, the Board of Directors resolved at the meeting held after the conclusion of the General Meeting of Shareholders on March 30, 2021 to authorize Mr. Ei Yamada, President and Chief Executive Officer, to determine monthly remuneration for Members of the Board based on the above policy. This authorization is based on the judgment that the President and Chief Executive Officer is suitable for evaluating each Member of the Board while taking into consideration the overall business performance of the Company.

(iv) Total amount of remuneration, etc. for Members of the Board and Corporate Auditors

Category	Officers receiving payments	Total by type of remuneration, etc. (Thousands of yen)		Total payment amount (Thousands of yen)
		Basic remuneration	Stock options	
Members of the Board (External Directors)	6 (3)	90,976 (31,500)	— —	90,976 (31,500)
Corporate Auditors (External Corporate Auditors)	5 (5)	28,135 (28,135)	— —	28,135 (28,135)
Total (External Directors and Corporate Auditors)	11 (8)	119,111 (59,635)	— —	119,111 (59,635)

(Note) The Company has four Members of the Board (three External Directors) and three Corporate Auditors (three External Corporate Auditors) as of the end of the fiscal year under review. The numbers do not match with the numbers in the table above because they include two Members of the Board and two Corporate Auditors who retired on the day of the conclusion of the immediately preceding Annual General Meeting of Shareholders.

3. Outline of the Contents of the Liability Limitation Agreement

The Company has entered into agreements with each External Director and External Corporate Auditor to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the Companies Act and Articles 29 and 38 of the Articles of Incorporation of the Company. The maximum amount of liability under the agreement is the liability amount stipulated by laws and regulations.

4. Outline of the Directors and Officers Liability Insurance Policy

The Company has entered into a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. In the event of a claim for damages submitted by a shareholder or a third party, the said insurance contract shall cover damages including compensation for damages and legal expenses to be borne by the insureds. The candidates will be insured under the insurance contract if their election is approved. The Members of the Board and Corporate Auditors of the Company are the insureds of the said insurance. They do not bear the actual premiums for insurance including riders, which are paid by the Company.

5. Matters concerning External Directors and Corporate Auditors

(1) Relationship with the Company or a specified related business of the Company

The External Directors and Corporate Auditors were and are not a spouse, a relative within the third degree of kinship, or any other equivalent of an executive or officer of the Company or a specific related business of the Company.

(2) Important concurrent positions and relationship with companies where concurrent positions are held

Category	Name	Important concurrent positions	Relationship with companies where concurrent positions are held
Member of the Board	Norikazu Eiki	Outside Director, FunPep Co., Ltd. Outside Director, Towa Pharmaceutical Co., Ltd. External Director, Solasia Pharma K.K. Outside Director, Kidswell Bio Corporation (formerly Gene Techno Science Co., Ltd.)	There is no significant relationship between the Company and the companies where concurrent positions are held.
Member of the Board	Junichi Komamura	External Director, Nippon Pillar Packing co., Ltd. External Director, Tokai Trading Co., Ltd.	There is no significant relationship between the Company and the companies where concurrent positions are held.

(3) Major activities during the fiscal year under review

Attendance at and comments made at meetings of the Board of Directors and Board of Corporate Auditors

- Norikazu Eiki, Member of the Board
  He attended 18 out of 18 meetings of the Board of Directors held during the fiscal year under review. Based on his abundant experience and knowledge as managers of pharmaceutical companies including foreign-affiliated companies, he made useful proposals for the management of the Company, including suggestions based on overseas situations and cases. He also gave advice and suggestions to ensure the adequacy and appropriateness of the Board of Directors' decisions.
- Junichi Komamura, Member of the Board
  He attended 18 out of 18 meetings of the Board of Directors held during the fiscal year under review. Based on his abundant experience and knowledge gained through his involvement in management planning as manager of companies in the healthcare business, he made useful proposals for the management of the Company. He also gave advice and suggestions to ensure the adequacy and appropriateness of the Board of Directors' decisions.
- Makoto Hara, Member of the Board
  He attended 18 out of 18 meetings of the Board of Directors held during the fiscal year under review. Based on his abundant experience and knowledge gained through his involvement in comprehensive corporate planning and accounting as manager of companies in the pharmaceutical business, he made useful proposals for the management of the Company. He also gave advice and suggestions to ensure the adequacy and appropriateness of the Board of Directors' decisions.
- Naoyuki Ono, Standing Corporate Auditor
  He attended 13 out of 13 meetings of the Board of Directors held after he assumed the post of External Corporate Auditor. He attended 11 out of 11 meetings of the Board of Corporate Auditors held after he assumed the post of External Corporate Auditor. He has abundant experience and knowledge in pharmaceutical companies and experience as a head of the internal audit department or as Director serving as an Audit and Supervisory Committee Member in companies other than the Company. Based on his experience, as part of auditing activities, he gave advice and suggestions to ensure the adequacy and appropriateness of the Board of Directors' decisions at the meetings of the Board of Directors and Board of Corporate Auditors, supervised overall management, and provided useful advice for the

management of the Company.

- Katsunori Horikoshi, Corporate Auditor
  He attended 18 out of 18 meetings of the Board of Directors held during the fiscal year under review. He attended 15 out of 15 meetings of the Board of Corporate Auditors held during the fiscal year under review. He has abundant experience and knowledge in pharmaceutical companies as well as experience of serving as Standing Statutory Auditor at such companies. Based on his experience, at the meetings of the Board of Directors and Board of Corporate Auditors, he gave advice and suggestions to ensure the adequacy and appropriateness of the Board of Directors' decisions and supervised overall management.
- Koichi Ando, Corporate Auditor
  He attended 13 out of 13 meetings of the Board of Directors held after he assumed the post of External Corporate Auditor. He attended 11 out of 11 meetings of the Board of Corporate Auditors held after he assumed the post of External Corporate Auditor. He has abundant experience and knowledge in pharmaceutical companies, including experience as a head of compliance department. Based on his experience, at the meetings of the Board of Directors and Board of Corporate Auditors, he gave advice and suggestions to ensure the adequacy and appropriateness of the Board of Directors' decisions and supervised overall management.

(4) Total amount of remuneration, etc.
  59,635 thousand yen
  Officers receiving payments: 8
  (Note) As of the end of the fiscal year under review, people eligible for remuneration were three External Directors and three External Corporate Auditors. This total headcount of the eligible persons differs from the above-stated number, which includes two External Directors who retired on the day of the conclusion of the immediately preceding Annual General Meeting of Shareholders.

IV. Status of Accounting Auditor

1. Accounting Auditor's Name

Deloitte Touche Tohmatsu LLC

2. Amount of Remuneration, etc.

	Payment amount
Amount of remuneration based on the services provided under Article 2, Paragraph 1 of the Certified Public Accountants Act	82,000 thousand yen
Total amount of money and other financial benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	82,000 thousand yen

(Notes)

1. Because the amount of remuneration for audits based on the Companies Act and the amount of remuneration for audits based on the Financial Instruments and Exchange Act are not clearly distinguished, and cannot be effectively distinguished in the audit contract between the Company and the Accounting Auditor, the total of these amounts is stated in the amount of remuneration for the Accounting Auditor for the fiscal year under review.
2. The Board of Corporate Auditors has determined that the amount of remuneration, etc. of the Accounting Auditor is agreeable after necessary verification of the appropriateness of the content of the audit plan, the status of the execution of duties of the accounting audit, and the basis of calculation of the remuneration estimate.
3. The amount of remuneration for audits increased as Emendo became a consolidated subsidiary.

3. Reason the Board of Corporate Auditors Agreed to the Remuneration, etc. for the Accounting Auditor

The Board of Corporate Auditors of the Company has reviewed the contents of the audit plan of the Accounting Auditor, the status of the execution of duties of the accounting audit in the past, actual results of remuneration, and the basis of calculation of the remuneration estimate, etc., through the acquisition of necessary materials and hearing reports from the executive management division and the Accounting Auditor, and as a result, the Board of Corporate Auditors of the Company has given its consent to the remuneration, etc. of the Accounting Auditor as stipulated in Article 399, Paragraph 1 of the Companies Act.

4. Policy for Deciding on the Dismissal or Non-reappointment of the Accounting Auditor

The Board of Corporate Auditors of the Company shall decide on a proposal for the dismissal or non-reappointment of the Accounting Auditor if it is deemed difficult for the Accounting Auditor to properly perform its duties, etc., and the Board of Directors shall submit such proposal to the General Meeting of Shareholders based on such decision.

The Board of Corporate Auditors will dismiss the Accounting Auditor with the consent of all the Corporate Auditors if the Accounting Auditor is found to fall under any of the items of Article 340, Paragraph 1 of the Companies Act. In this case, a Corporate Auditor selected by the Board of Corporate Auditors shall report the dismissal of the Accounting Auditor and the reasons for the dismissal at the first General Meeting of Shareholders to be convened after the dismissal.

V. Systems and Policies of the Company

1. Systems to Ensure the Appropriateness of Operations

(1) System to ensure the compliance of Members of the Board and employees with laws and regulations and the Articles of Incorporation in the execution of their duties

1) The Company shall establish the AnGes Group Corporate Philosophy, Action Guidelines, and Code of Conduct, make them known and thoroughly understood by Members of the Board and employees of the Company and its subsidiaries so that the effectiveness of compliance can be enhanced, and provide the necessary education and training opportunities.
2) The Company shall establish a Risk Management and Compliance Committee chaired by the President, which shall confirm the status of compliance of the Company and its subsidiaries, and report to the Board of Directors in accordance with the Risk Management and Compliance Regulations.
3) The Company shall establish a whistleblowing system as an internal reporting system for the purpose of early detection and correction of compliance violations, and shall develop a reporting system that ensures the protection of informants in accordance with the Risk Management and Compliance Regulations.
4) Based on the Regulations for Prevention of Insider Trading, the Company shall strive to prevent insider trading by stipulating the management of inside information obtained by Members of the Board and employees in connection with their duties, regulations on the trading of shares, etc. and other transactions by Members of the Board and employees, and basic matters to be observed by Members of the Board and employees when performing their duties. This content also applies for subsidiaries.
5) In order to ensure the reliability of financial reporting, the Company shall develop and implement internal controls over financial reporting in accordance with the Financial Instruments and Exchange Act and other relevant laws and regulations.
6) The Company does not have any relationship with antisocial forces that threaten the order and safety of civil society, and in the event of any unreasonable demands, the Company will respond to it in close cooperation with external specialized organizations including the police, with the administrative division serving as the department responsible for response.
7) The Company shall establish a department in charge of internal auditing that is independent from the business execution organization, and in accordance with the Internal Audit Regulations, it shall formulate and execute audit plans based on risk assessment for all operations, including those of subsidiaries and the following systems, with the approval of the Board of Directors, and shall report the audit results to the Board of Directors for improvement.

(2) System for retention and management of information concerning the execution of duties by Members of the Board

1) The Company shall establish regulations for the preservation and management of information related to the execution of duties by Members of the Board as Regulations for Document Retention and Management and Regulations for Information Security Management. Based on these regulations, the Company shall appropriately and securely preserve and manage documents, media, etc. in which such information is described or recorded.
2) With regard to personal information, the Company will comply with the Act on the Protection of Personal Information, the My Number Act, and other related laws and regulations, as well as other social norms, and will appropriately protect and manage information assets according to the Regulations for Personal Information Handling and the Regulations for Handling Specific Personal Information Including Personal Number.

(3) Rules and other systems for managing the risk of loss

1) In accordance with the Risk Management and Compliance Regulations, the Risk Management and Compliance Committee shall evaluate risks that may have a significant impact on business continuity, select risks to be addressed, establish a business continuity plan (BCP), prepare for contingencies in accordance with the assumed risks, and take prompt and appropriate action in the event of an emergency.
2) The Company shall continuously provide education and training on risk management to Members of the Board and employees.
3) The Board of Directors shall review the risk management system annually.

(4) System to ensure that Members of the Board execute their duties efficiently

1) Regular meetings of the Board of Directors are held once a month in principle to make decisions on important management items and to supervise the status of business execution.
2) The executive officer system assists Members of the Board in the efficient execution of their duties and works to ensure prompt and appropriate management.
3) In the Organizational Rules, the scope of authority and responsibility for the execution of duties is defined in the division of duties chart to ensure the efficient business execution, and the decision-making method of the Company is defined in the table of duties and authority for decision-making according to importance.
4) The Board of Directors shall formulate a medium-term management plan, set major management targets based on the plan, and periodically review the progress of the plan, as well as set divisional targets for each fiscal year and manage the results.

(5) System to ensure the appropriateness of business in a corporate group comprising the Company and its subsidiaries

1) System to ensure the compliance of Members of the Board and employees of subsidiaries with laws and regulations and the Articles of Incorporation in the execution of their duties
   (a) The Company and its subsidiaries shall establish a risk management and compliance management function to collect and manage information in cooperation with each other.
   (b) The Company and its subsidiaries shall continue to implement compliance education and training for Members of the Board and employees.
   (c) The execution of business by the Company and its subsidiaries shall be conducted in accordance with the internal rules of each company, and the internal rules shall be reviewed from time to time.
2) System to ensure that Members of the Board of subsidiaries execute their duties efficiently

   The Company shall establish a division to oversee the management of subsidiaries, clarify the methods for managing subsidiaries in accordance with the Regulations for the Management of Affiliated Companies and other relevant regulations, and manage subsidiaries in cooperation with related divisions. The Company shall periodically review the organization and business execution system of its subsidiaries and supervise the establishment of a system for efficient execution of their business.

   With respect to decision-making at subsidiaries, the Company will request clarification of the authority and responsibility of executives in accordance with the various relevant regulations of the subsidiaries, and provide guidance to ensure the systematic and efficient execution of business.

   Members of the Board and employees of subsidiaries shall periodically report to the Company on the status of development and implementation of the internal control system of subsidiaries.
3) Rules and other systems for managing the risk of loss at subsidiaries
   (a) In addition to preparing for possible risks by having subsidiaries prepare regulations for risk management and compliance management, the Company will take prompt and appropriate action in accordance with such regulations in the event of an emergency.
   (b) The Company shall continuously provide education and training on risk management to Members of the Board and employees of subsidiaries.
4) System for reporting to the Company on matters related to the execution of duties by Members of the Board and employees of subsidiaries

   The Company shall have its subsidiaries clearly define matters that require the Company's approval and matters to be reported, and have subsidiaries periodically report on the execution of duties and the status of their businesses.

(6) Matters concerning the appointment of employees to assist in the duties of Corporate Auditors

1) In the event that the Corporate Auditors request employees to assist them in their duties, the Company shall, upon consultation with the Corporate Auditors, assign assistant employees within a reasonable range.
2) The prior consent of the Corporate Auditors shall be obtained for the appointment, transfer, evaluation, and disposition of assistant employees, and such employees shall not be subject to the direction and orders of Members of the Board in the performance of their duties, thereby ensuring their independence from Members of the Board.
3) Assistant employees shall be assigned exclusively to the Corporate Auditors and shall

not concurrently perform any other duties, thereby ensuring the effectiveness of instructions by Corporate Auditors to assistant employees.

(7) System for reporting to Corporate Auditors

1) System for Members of the Board and employees of the Company to report to Corporate Auditors

Members of the Board and employees shall report to the Corporate Auditors in a timely and appropriate manner on important management matters of the Company, violations of laws, regulations, the Articles of Incorporation, etc., facts that could cause significant damage to the Company, and concerns about the occurrence of such facts.

In addition, the Company shall establish a system whereby Corporate Auditors may request reports and the provision of materials from Members of the Board and employees, as necessary, on matters deemed necessary in the performance of their duties.

2) Systems for reporting to Corporate Auditors by Members of the Board and employees of subsidiaries or persons who receive reports from these persons

Members of the Board and employees of subsidiaries or persons who receive reports from them shall immediately report to the division that oversees the management of subsidiaries on important management matters of the subsidiaries, violations of laws, regulations, the Articles of Incorporation, etc., facts that could cause significant damage to the subsidiaries, and concerns about the occurrence of such facts. With regard to such matters as are determined through discussions between the Company's President and Corporate Auditors among those reports received, the division that oversees the management of subsidiaries shall report to the Company's Corporate Auditors.

3) System to ensure that the person who made the report will not be treated disadvantageously for the reason of making the report

Corporate Auditors are not obligated to report to third parties on information obtained from Members of the Board and employees. In addition, the Corporate Auditors may request Members of the Board to disclose the reasons for the personnel evaluation and disciplinary action of the Members of the Board and employees who made the report.

(8) Matters relating to procedures for prepayment or reimbursement of expenses incurred in the execution of duties by Corporate Auditors, and other matters relating to the policy on the treatment of expenses and liabilities incurred in the execution of such duties

In the event that a Corporate Auditor makes a request for advance payment of expenses incurred in the execution of his or her duties, reimbursement of expenses, etc., or repayment of debts incurred, the Company shall comply with the request, unless it can be proven that the expenses, etc. were not incurred in the execution of the Corporate Auditor's duties.

(9) Other systems to ensure that audits by Corporate Auditors are conducted effectively

1) The Company shall ensure that Corporate Auditors have opportunities to attend meetings of the Board of Directors and other important meetings so that they can gain an understanding on important internal issues, etc. and express their opinions as necessary.

2) Member of the Board and employees shall cooperate with the development of an audit environment to facilitate the smooth implementation of activities by Corporate Auditors, such as the inspection of important documents, on-site investigations, exchange of opinions with Members of the Board and others, and investigations of subsidiaries, which are necessary for the audits of Corporate Auditors.

3) Corporate Auditors may receive advice on audits from attorneys, certified public accountants and others when deemed necessary in conducting audits.

2. Overview of Status of Operation of Systems to Ensure the Appropriateness of Operations

The Company is making efforts to develop and properly operate systems based on the system to ensure the appropriateness of operations. An overview of the status of the implementation of the system during the fiscal year under review is as follows.

Status of compliance initiatives

The Risk Management and Compliance Committee, chaired by the President, was held once to establish a risk management system, and the risk management program was implemented company-wide. In addition, in order to confirm the status of compliance in each department, a self-inspection checklist has been created and self-inspections are conducted in each department.

The Company has formulated Internal Reporting Regulations and established internal and external contact points for whistleblowing, and is prepared for early detection of problems

and remedial measures.

In addition, internal audits are performed in accordance with the internal audit plan approved by the Board of Directors.

Efforts to ensure the appropriateness and efficiency of the execution of duties

The Board of Directors consists of four Members, including three External Directors, and is attended by three Corporate Auditors (all of whom are External Corporate Auditors). The Board of Directors meet 18 times to deliberate on each agenda item, supervise the status of business execution, etc., and actively exchanged opinions, thus ensuring the effectiveness of decision-making and supervision.

Status of initiatives for managing the risk of loss

The Company has formulated a business continuity plan for major earthquakes and infectious diseases to curb the spread of and minimize damages caused by natural disasters, infectious disease outbreaks, etc., and it has conducted drills and stockpiled supplies for major earthquakes based on the plan.

In addition, during the fiscal year under review, in order to reduce the impact of COVID-19, we have introduced remote work and made full use of tools such as web conferencing to continue business.

Status of initiatives to ensure the appropriateness of operations at the Group

The Company's Corporate Development develops and oversees the business management system of subsidiaries.

Status of initiatives to ensure the effectiveness of audits by Corporate Auditors

The Board of Corporate Auditors consists of three Corporate Auditors (all of whom are External Corporate Auditors). The Board of Corporate Auditors meet 15 times to receive reports, discuss, and make resolutions on important audit-related matters.

In addition, the Corporate Auditors attend the Risk Management and Compliance Committee to improve the effectiveness of audits.

3. Basic Policy on Control of Stock Company

Not applicable.

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(Unless otherwise stated, amounts in this business report have been rounded down to the nearest unit, and quantities and ratios have been rounded to the nearest unit.)
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Financial Statements

Consolidated Balance Sheets

(As of December 31, 2021)

(In thousands of yen)

Account item	Amount	Account item	Amount
Assets		**Liabilities**	
Current assets	**21,426,143**	**Current liabilities**	**6,733,433**
Cash and deposits	17,899,341	Accounts payable - trade	720,706
Accounts receivable - trade	10,264	Accounts payable - other	636,748
Finished goods	29,120	Accrued expenses	80,363
Raw materials and supplies	1,194,629	Income taxes payable	134,319
Advance payments - trade	1,714,027	Advances received	5,119,753
Prepaid expenses	89,435	Deposits received	41,542
Consumption taxes receivable	419,878		
Other	69,446	**Non-current liabilities**	**87,571**
		Deferred tax liabilities	19,097
Non-current assets	**24,029,603**	Asset retirement obligations	68,474
Property, plant and equipment	**193,328**		
Buildings	178,733	**Total liabilities**	**6,821,005**
Tools, furniture and fixtures	14,594	**Net assets**	
		Shareholders' equity	**36,604,955**
Intangible assets	**22,675,739**	**Share capital**	**33,359,568**
Goodwill	22,675,739	**Capital surplus**	**15,680,893**
		Retained earnings	**(12,435,475)**
Investments and other assets	**1,160,535**	**Treasury shares**	**(31)**
Investment securities	878,706		
Leasehold and guarantee deposits	97,834	**Accumulated other comprehensive income**	**1,940,453**
Deferred tax assets	110,510	**Valuation difference on available-for-sale securities**	**36,441**
Other	73,484	**Foreign currency translation adjustment**	**1,904,012**
		Share acquisition rights	**89,332**
		Total net assets	**38,634,741**
Total assets	**45,455,746**	**Total liabilities and net assets**	**45,455,746**

Consolidated Statements of Operations

(January 1, 2021 - December 31, 2021)

(In thousands of yen)

Account item	Amount	
Business revenues		
Net sales of finished goods	34,669	
Commission income	29,478	64,148
Business expenses		
Cost of sales	56,721	
Research and development expenses	10,783,813	
Selling, general and administrative expenses	4,855,698	15,696,233
Operating loss		**15,632,085**
Non-operating income		
Interest income	566	
Foreign exchange gains	599,611	
Subsidy income	1,500,850	
Commission income	13,212	
Gain on investments in investment partnerships	26,343	
Miscellaneous income	466	2,141,051
Non-operating expenses		
Share issuance costs	96,141	
Subscription rights to shares issuance cost	1,798	97,939
Ordinary loss		**13,588,973**
Extraordinary income		
Gain on reversal of share acquisition rights	32,844	32,844
Extraordinary losses		
Loss on valuation of investment securities	179,165	179,165
Loss before income taxes		**13,735,294**
Income taxes - current	21,699	
Refund of income taxes	(4,091)	
Income taxes - deferred	(77,315)	(59,706)
Loss		13,675,587
Loss attributable to owners of parent		**13,675,587**

Non-Consolidated Balance Sheets

(As of December 31, 2021)

(In thousands of yen)

Account item	Amount	Account item	Amount
Assets		**Liabilities**	
Current assets	**19,314,507**	**Current liabilities**	**6,106,355**
Cash and deposits	15,902,411	Accounts payable - trade	669,116
Accounts receivable - trade	10,264	Accounts payable - other	162,906
Finished goods	29,120	Accrued expenses	6,000
Raw materials and supplies	1,194,629	Income taxes payable	134,319
Advance payments - trade	1,703,759	Advances received	5,119,753
Prepaid expenses	42,495	Deposits received	14,259
Consumption taxes receivable	419,878		
Other	11,948	**Non-current liabilities**	**84,557**
		Deferred tax liabilities	16,082
Non-current assets	**25,564,992**	Asset retirement obligations	68,474
Property, plant and equipment	**193,328**		
Buildings	178,733	**Total liabilities**	**6,190,912**
Tools, furniture and fixtures	14,594	**Net assets**	
		Shareholders' equity	**38,562,814**
Investments and other assets	**25,371,664**	**Share capital**	**33,359,568**
Investment securities	103,435	**Capital surplus**	**13,290,069**
Shares of subsidiaries and associates	20,344,113	Legal capital surplus	13,290,069
Long-term loans receivable from subsidiaries	4,761,828	**Retained earnings**	**(8,086,792)**
Long-term prepaid expenses	2,972	Other retained earnings	(8,086,792)
Leasehold and guarantee deposits	88,802	Retained earnings brought forward	(8,086,792)
Other	70,512	**Treasury shares**	**(31)**
		Valuation and translation adjustments	**36,441**
		Valuation difference on available-for-sale securities	**36,441**
		Share acquisition rights	**89,332**
		Total net assets	**38,688,587**
Total assets	**44,879,500**	**Total liabilities and net assets**	**44,879,500**

Non-Consolidated Statements of Operations

(January 1, 2021 - December 31, 2021)

(In thousands of yen)

Account item	Amount	
Business revenues		
Net sales of finished goods	34,669	
Commission income	29,478	64,148
Business expenses		
Cost of sales	56,721	
Research and development expenses	8,418,698	
Selling, general and administrative expenses	1,627,777	10,103,197
Operating loss		**10,039,048**
Non-operating income		
Interest income	54,632	
Foreign exchange gains	608,647	
Subsidy income	1,500,850	
Commission income	13,212	
Gain on investments in investment partnerships	26,343	
Miscellaneous income	466	2,204,152
Non-operating expenses		
Share issuance costs	96,141	
Subscription rights to shares issuance cost	1,798	97,939
Ordinary loss		**7,932,836**
Extraordinary income		
Gain on reversal of share acquisition rights	32,844	32,844
Extraordinary losses		
Loss on valuation of investment securities	179,165	179,165
Loss before income taxes		**8,079,157**
Income taxes - current		7,635
Loss		**8,086,792**

Independent Auditor's Report

(English Translation)

February 24, 2022

To the Board of Directors
AnGes, Inc.

Deloitte Touche Tohmatsu LLC
Tokyo Office
Designated Limited Liability Partner,
Engagement Partner,
CPA: Shuichi Momoki (seal)
Designated Limited Liability Partner,
Engagement Partner,
CPA: Mami Nakagawa (seal)

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheets, the consolidated statements of operations, the consolidated statements of changes in net assets and the notes to the consolidated financial statements of AnGes, Inc. (the "Company") for the fiscal year from January 1, 2021 through December 31, 2021.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the corporate group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably

expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Corporate Auditors and the Board of Corporate Auditors regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Corporate Auditors and the Board of Corporate Auditors regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Independent Auditor's Report

(English Translation)

February 24, 2022

To the Board of Directors
AnGes, Inc.

Deloitte Touche Tohmatsu LLC
Tokyo Office
Designated Limited Liability Partner,
Engagement Partner,
CPA: Shuichi Momoki (seal)
Designated Limited Liability Partner,
Engagement Partner,
CPA: Mami Nakagawa (seal)

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheets, the statements of operations, the statements of changes in net assets and the related notes, and the accompanying supplementary schedules of AnGes, Inc. (the "Company") for the 23rd fiscal year from January 1, 2021 through December 31, 2021.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules

from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Corporate Auditors and the Board of Corporate Auditors regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Corporate Auditors and the Board of Corporate Auditors regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Audit Report

(English Translation)

The Board of Corporate Auditors, upon deliberation, prepared this audit report regarding the execution of duties by the Directors for the 23rd fiscal year from January 1, 2021 through December 31, 2021, based on the audit reports prepared by each Corporate Auditor, and reports as follows.

1. Method and Contents of Audit by Corporate Auditors and the Board of Corporate Auditors

(1) The Board of Corporate Auditors established auditing policies, auditing plans, etc., received reports from each Corporate Auditor on the status of implementation and results of audit, and also received reports from Directors, etc. and the Accounting Auditor on the status of execution of their duties and requested them for explanations as necessary.

(2) While striving to gather information and create an audit environment through facilitating communication with the Directors, internal audit division, and other employees, etc., each Corporate Auditor executed the audits in the following manner in conformity with the auditing standard for Corporate Auditors specified by the Board of Corporate Auditors and in accordance with the auditing policies, auditing plans, etc.

(i) Each Corporate Auditor attended the meetings of the Board of Directors and other important meetings, received reports from the Directors and employees, etc. on the status of execution of their duties, asked them for explanations as necessary, reviewed important approval documents, etc., and conducted investigations on the status of operations and financial position at the head office and principal offices. In addition, with regard to the subsidiaries, each Corporate Auditor facilitated communication and exchange of information with the Directors, etc. of the subsidiaries and received reports on their business from the subsidiaries as necessary.

(ii) With regard to the system for ensuring that the execution of duties by the Directors described in the business report complies with the laws and regulations and the Articles of Incorporation, as well as the contents of resolutions made by the Board of Directors regarding the establishment of other systems specified in Article 100, Paragraphs 1 and 3 of the Regulation for Enforcement of the Companies Act as necessary for ensuring appropriate operations of a corporate group comprising a stock company and its subsidiaries, and the system (internal control system) established based on such resolutions, Corporate Auditors received reports on the status of development and operation of such systems from Directors and employees, etc. and, when necessary, requested explanations and expressed their opinion.

(iii) Corporate Auditors monitored and verified whether the Accounting Auditor maintained its independence and appropriately performed audits, as well as received reports from the Accounting Auditor on the status of execution of its duties and asked for explanations as necessary. In addition, Corporate Auditors received a notice from the Accounting Auditor that the "system for ensuring that the performance of the duties is being carried out correctly" (matters stipulated in the items of Article 131 of the Regulation on Corporate Accounting) is being prepared in accordance with the "Quality Control Standard for Audit" (Business Accounting Council, October 28, 2005) and requested explanations as necessary. Moreover, Corporate Auditors discussed key audit matters with, and received reports on the status of performance of audits from, the Accounting Auditor, Deloitte Touche Tohmatsu LLC. Corporate Auditors requested explanations as necessary.

Based on the methods above, we have reviewed the business report and the accompanying supplementary schedules, the financial statements (the balance sheets, the statements of operations, the statements of changes in net assets and the related notes) and the accompanying supplementary schedules, and the consolidated financial statements (the consolidated balance sheets, the consolidated statements of operations, the consolidated statements of changes in net assets and the notes to the consolidated financial statements) for this fiscal year.

2. Results of Audit

(1) Results of audit of the business report, etc.

(i) We acknowledge that the business reports and the accompanying supplementary schedules fairly present the status of the Company in conformity with the laws and regulations and the Articles of Incorporation.

(ii) We acknowledge that no misconduct or material fact in violation of any law or regulation or the Articles of Incorporation was found with respect to the execution of duties by the Directors.

(iii) We acknowledge that the Board of Directors' resolutions pertaining to the internal control system are appropriate. In addition, we did not find any matter to be pointed out concerning the content described

in the business report and execution of duties by the Directors concerning the internal control system, including the internal control system related to financial reporting.

(2) Results of audit of financial statements and the accompanying supplementary schedules
We acknowledge that the methods and results of audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

(3) Results of audit of consolidated financial statements
We acknowledge that the methods and results of audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

February 24, 2022

Board of Corporate Auditors, AnGes, Inc.

Standing Corporate Auditor	Naoyuki Ono	(seal)
Corporate Auditor	Katsunori Horikoshi	(seal)
Corporate Auditor	Koichi Ando	(seal)

(Note) Standing Corporate Auditor Naoyuki Ono, Corporate Auditor Katsunori Horikoshi, and Corporate Auditor Koichi Ando are External Corporate Auditors as stipulated in Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.