(Stock Exchange Code 4563)
March 9, 2023
(Commencement of measures for electronic provision: March 9, 2023)

To Shareholders with Voting Rights:

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

NOTICE OF THE 24TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear shareholders:

You are hereby notified that the 24th Annual General Meeting of Shareholders of AnGes, Inc. (the "Company") will be held for the purposes as described below.

Measures for electronic provision have been taken in the convening of this General Meeting of Shareholders and accordingly, the matters for provision in electronic format have been posted on the following website.

The Company's website: https://www.anges.co.jp/en/ir/_pdf/2023_meeting_en.pdf

In addition to the above, the notice has also been posted on the following website.

Tokyo Stock Exchange website:
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

Please access the above website, search by entering our company name or stock exchange code, and select "Basic information" and "Documents for public inspection / PR information" in that order to view it.

Although the meeting will be held after taking precautions against the novel coronavirus disease (COVID-19) infection, we request that you consider the prevalence of the infection and your own health condition on the day of the meeting and consider whether or not you will attend the meeting in person.

Instead of attending the meeting in person, **you can exercise your voting right by either of the following methods. Please review the Reference Documents for the General Meeting of Shareholders in the matters for provision in electronic format and exercise your voting rights by 10:00 p.m. on Wednesday, March 29, 2023, 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:** **Thursday, March 30, 2023 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 24th Fiscal Year (January 1, 2022 - December 31, 2022) 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 24th Fiscal Year (January 1, 2022 - December 31, 2022)

Proposals to be resolved:

Proposal 1:	Partial Amendments to the Articles of Incorporation
Proposal 2:	Reductions in Amounts of Share Capital and Legal Capital Surplus and Appropriation of Surplus
Proposal 3:	Election of 6 Members of the Board
Proposal 4:	Election of 1 Substitute Corporate Auditor

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

- If no indication of your vote for or against a proposal is made on the Voting Rights Exercise Form, it shall be treated as an indication of vote for the proposal.

- The following items are not included in the documents sent to shareholders as stipulated by laws, regulations and Article 16 of the Company's Articles of Incorporation. As such, these documents include only an excerpt of the documents audited by the Corporate Auditors and the Accounting Auditor in preparing their audit reports.
  - "Status of Share Acquisition Rights" in the Business Report
  - "Consolidated Statements of Changes in Net Assets," "Notes to the Consolidated Financial Statements," "Non-consolidated Statements of Changes in Net Assets," and "Notes to the Non-consolidated Financial Statements" in the Financial Statements

- In the event of revision to the matters for provision in electronic format, such revisions will be posted on the respective websites where they are posted.

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

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

To enable the execution of agile and flexible capital policies in preparation for business development going forward, the total number of shares authorized to be issued stipulated in Article 6 (Total Number of Shares Authorized to Be Issued) of the current Articles of Incorporation will be increased from 250,000,000 shares to 700,000,000 shares.

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 6. Total Number of Shares Authorized to Be Issued The total number of shares authorized to be issued shall be <u>250,000,000</u> shares.	Article 6. Total Number of Shares Authorized to Be Issued The total number of shares authorized to be issued shall be <u>700,000,000</u> shares.

Proposal 2: Reductions in Amounts of Share Capital and Legal Capital Surplus and Appropriation of Surplus

At the 22nd Annual General Meeting of Shareholders held on March 30, 2021, the Company submitted a proposal for reductions in the amounts of legal capital surplus and the appropriation of surplus and obtained their approval. However, as of December 31, 2022, the Company has a deficit in retained earnings brought forward of 16,202,244,725 yen, while share capital was 35,146,368,604 yen and legal capital surplus was 15,076,868,981 yen, as a result of financings. (The amounts of share capital and legal capital surplus immediately after the reduction of the amount of legal capital surplus and appropriation of surplus, which were approved at the 22nd Annual General Meeting of Shareholders above, were 24,612,076 thousand yen and 4,542,577 thousand yen, respectively.)

As part of the financial strategy for the appropriate implementation of the Company's future growth strategy, the amounts of share capital and legal capital surplus shall be decreased according to the provisions of Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, and the surplus shall be disposed of according to the provisions of Article 452 of the Companies Act, for the purpose of making up the deficit above, correcting the capital structure, putting the finances on a healthy footing, and thereby securing the agility and flexibility of capital policy.

Under this proposal, the total number of issued shares will not be changed in the decreases in the amounts of share capital and legal capital surplus. Accordingly, it will not have an impact on the number of shares held by the shareholders.

In addition, the decreases in the amounts of share capital and legal capital surplus will not change the amount of net assets and the total number of issued shares of the Company. As a result, the amount of net assets per share will not be changed either.

1. A reduction in the amount of share capital

(1) A reduction in the amount of share capital
The Company will reduce the amount of share capital of 35,146,368,604 yen, as of December 31, 2022, by 1,125,375,744 yen to 34,020,992,860 yen, and transfer the entire amount of share capital to be reduced to the account of other capital surplus, according to the provision of Article 447, Paragraph 1 of the Companies Act.

(2) The effective date of the reduction of the amount of share capital
Planned to be May 10, 2023

2. A reduction of the amount of legal capital surplus

(1) A reduction of the amount of legal capital surplus
The Company will reduce the entire amount of legal capital surplus of 15,076,868,981 yen, as of December 31, 2022, to 0 yen, and transfer the entire amount of legal capital surplus to be reduced to the account of other capital surplus, according to the provision of Article 448, Paragraph 1 of the Companies Act.

(2) The effective date of the reduction of the amount of legal capital surplus
Planned to be May 10, 2023

3. Details of the appropriation of surplus

(1) A reduction in the amount of other capital surplus and an increase in the amount of retained earnings brought forward
According to the provisions of Article 452 of the Companies Act, subject to the condition that the reductions in the amounts of share capital and legal capital surplus as described in 1. and 2. above shall become effective, the total of other capital surplus of 16,202,244,725 yen, which was transferred as a result of the reductions in the amounts of share capital and legal capital surplus, shall be re-transferred to retained earnings brought forward to make up for the deficit. This will eliminate the deficit in retained earnings brought forward.

1) Item of surplus to be decreased and its amount
Other capital surplus: 16,202,244,725 yen

2) Item of surplus to be increased and its amount
Retained earnings brought forward: 16,202,244,725 yen

(2) The effective date of the appropriation of surplus
Planned to be May 10, 2023

Proposal 3: Election of 6 Members of the Board

The terms of office of all 6 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% (17/17)
2	Reappointment Naoya Sato	Member of the Board	100% (13/13)
3	Reappointment External Independent Norikazu Eiki	Member of the Board	100% (17/17)
4	Reappointment External Independent Junichi Komamura	Member of the Board	100% (17/17)
5	Reappointment External Independent Makoto Hara	Member of the Board	100% (17/17)
6	Reappointment External Independent Kimiko Murofushi	Member of the Board	92% (12/13)

(Note) As Mr. Naoya Sato and Ms. Kimiko Murofushi were elected at the 23rd Annual General Meeting of Shareholders held on March 30, 2022, their rate of attendance at the Board of Directors meetings differs from that of the other candidates.

<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

Naoya Sato
(April 25, 1960)</td><td>April 1985 Joined Mitsubishi Kasei Corporation (currently Mitsubishi Chemical Corporation)
April 2010 Manager, International Business Department, Mitsubishi Tanabe Pharma Corporation
April 2013 General Manager, Department I, Pharmacology Research Laboratories II, Mitsubishi Tanabe Pharma Corporation
June 2015 Seconded as Specially Appointed Professor, TMK Project, Medical Innovation Center, Graduate School of Medicine, Kyoto University
May 2020 Joined AnGes, Inc.
Director of Office of the President
October 2021 Director of Corporate Development, AnGes, Inc.
March 2022 Member of the Board and Director of Corporate Development, AnGes, Inc. (current)
(Significant concurrent positions)
External Member of the Board, EmendoBio Inc.</td><td>—</td></tr>
<tr><td colspan="4">[Reasons for appointment as a candidate for Member of the Board]
Since joining the Company, as a person responsible for corporate development, Mr. Naoya Sato has demonstrated leadership in driving the Company’s research and development and discovering new pipelines by utilizing his experience and knowledge in research and development and industry-academia collaboration at pharmaceutical companies. Moreover, he has played a role in overall management planning and operations and in solving issues at overseas subsidiaries. Therefore, the Company has appointed him as a candidate for Member of the Board again.</td></tr>
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<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>3</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 8 years and 10 months at the conclusion of this General Meeting of Shareholders.</td></tr>
<tr><td>4</td><td>Reappointment
External
Independent

Junichi Komamura
(May 3, 1950)</td><td>April 1973 Joined Mitsubishi Corporation
April 1996 Directors, portfolio companies of Mitsubishi Corporation in Italy and the UK
August 2003 Executive Officer, Morishita Jintan Co., Ltd.
October 2003 Executive Officer and Head of Corporate Planning, Morishita Jintan Co., Ltd.
April 2004 Managing Executive Officer and Head of Corporate Planning, Morishita Jintan Co., Ltd.
June 2004 Director, Managing Executive Officer and Head of Corporate Planning, Morishita Jintan Co., Ltd.
April 2005 Senior Managing Director and Senior Managing Executive Officer, Morishita Jintan Co., Ltd.
November 2005 Representative Director and Senior Managing Executive Officer, Morishita Jintan Co., Ltd.
October 2006 Representative Director and President, Morishita Jintan Co., Ltd.
March 2012 Member of the Board (External Director), AnGes MG, Inc. (currently AnGes, Inc.) (current)
(Significant concurrent positions)
External Director, Nippon Pillar Packing Co., Ltd.
External Director, Tokai Trading Co., Ltd.
Outside Director, Ai-BrainScience Inc.</td><td>—</td></tr>
<tr><td colspan="4">[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 11 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 rowspan="11">5</td><td rowspan="11">Reappointment
External
Independent

Makoto Hara
(March 15, 1951)</td><td>April 1974</td><td>Joined Sumitomo Chemical Co., Ltd. (currently Sumitomo Chemical Company Limited)</td><td rowspan="11">—</td></tr>
<tr><td>August 1999</td><td>General Manager, Corporate Planning Office, Sumitomo Pharmaceuticals Co., Ltd.
General Manager, Pharmaceutical Operations Office, Sumitomo Chemical Company Limited</td></tr>
<tr><td>April 2003</td><td>General Manager, Petrochemicals & Plastic Office, Sumitomo Chemical Company Limited</td></tr>
<tr><td>June 2005</td><td>Executive Officer, General Manager, Corporate Planning & Coordination Office, Finance & Accounting, Sumitomo Chemical Company Limited</td></tr>
<tr><td>April 2008</td><td>Managing Executive Officer, Sumitomo Chemical Company Limited</td></tr>
<tr><td>April 2010</td><td>Senior Managing Executive Officer, Sumitomo Chemical Company Limited</td></tr>
<tr><td>September 2010</td><td>Senior Executive Officer, Sumitomo Dainippon Pharma Co., Ltd.</td></tr>
<tr><td>June 2011</td><td>Member, Board of Directors, Senior Executive Officer, Sumitomo Dainippon Pharma Co., Ltd.</td></tr>
<tr><td>April 2012</td><td>Member, Board of Directors, Executive Vice President, Sumitomo Dainippon Pharma Co., Ltd.</td></tr>
<tr><td>June 2016</td><td>Advisor, Sumitomo Dainippon Pharma Co., Ltd.</td></tr>
<tr><td>March 2018</td><td>Member of the Board (External Director), AnGes, Inc. (current)</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 5 years at the conclusion of this General Meeting of Shareholders.</td></tr>
<tr><td rowspan="12">6</td><td rowspan="12">Reappointment
External
Independent

Kimiko Murofushi
(April 9, 1947)</td><td>March 1972</td><td>Master of Science, Ochanomizu University</td><td rowspan="12">—</td></tr>
<tr><td>March 1976</td><td>Ph.D., Graduate School of Medicine, The University of Tokyo</td></tr>
<tr><td>April 1977</td><td>Research Associate, The Public Health Research Institute of the City of New York (U.S.)</td></tr>
<tr><td>April 1983</td><td>Assistant Professor, Faculty of Science/Graduate School of Humanities and Sciences, Ochanomizu University</td></tr>
<tr><td>April 1996</td><td>Professor, Faculty of Science/Graduate School of Humanities and Sciences, Ochanomizu University</td></tr>
<tr><td>December 1999</td><td>Visiting Professor, Université Louis Pasteur (currently Université de Strasbourg) (France)</td></tr>
<tr><td>July 2003</td><td>Council Member, Science Council of Japan</td></tr>
<tr><td>March 2011</td><td>Outside Director, Bridgestone Corporation</td></tr>
<tr><td>May 2013</td><td>Professor Emeritus, Professor of Endowed Research Division, Ochanomizu University</td></tr>
<tr><td>April 2015</td><td>President, Ochanomizu University</td></tr>
<tr><td>April 2015</td><td>Auditor, Japan Agency for Medical Research and Development</td></tr>
<tr><td>November 2021</td><td>Docteur Honoris Causa, Université de Strasbourg (France)</td></tr>
<tr><td>March 2022</td><td>Member of the Board (External Director), AnGes, Inc. (current)</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 and provides valuable advice on the Company’s management as an External Director. Therefore, the Company has judged that she will fulfill the responsibilities as External Director and appointed her as a candidate for External Director again. Ms. Murofushi will have served as an External Director of the Company for 1 year at the conclusion of this General Meeting of Shareholders.</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 well as Ms. Kimiko Murofushi as Independent Directors as stipulated by the Tokyo Stock Exchange.
4. The Company has entered into liability limitation agreements with Messrs. Norikazu Eiki, Junichi Komamura and Makoto Hara as well as Ms. Kimiko Murofushi 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.
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 4: 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, 2022 to December 31, 2022)

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, the optional newborn screening test for rare hereditary diseases started at AnGes Clinical Research Laboratory (hereinafter "ACRL"), which was established in 2021, has been receiving steady orders. Regarding Collategene®, we have proceeded with post marketing surveillance to obtain the regular approval in Japan. We also have been conducting Phase IIb clinical trials in the U.S. for the treatment of arteriosclerosis obliterans patients with lower limb ulcers and have completed the target number of 60 administrations.

We are preparing to obtain approval for Zokinvy (lonafarnib) based on the exclusive distribution agreement in Japan that we entered into in May 2022 with Eiger BioPharmaceuticals Inc. (hereinafter "Eiger") for Zokinvy, a therapeutic agent for the treatment of Hutchinson-Gilford progeria syndrome (hereinafter "HGPS") and processing-deficient progeroid laminopathies (hereinafter "PL").

Although the safety was confirmed as a result of Phase I/II clinical trials for a prophylactic DNA vaccine targeting COVID-19 (Wuhan type) (hereinafter "COVID-19 vaccine"), the efficacy did not reach the expected level, and the decision was made to discontinue development. Meanwhile, we have started co-development of an intranasal formulation of the vaccine against mutant strains in collaboration with Stanford University.

A Tie2 receptor agonist is being co-developed with Vasomune Therapeutics, Inc. (hereinafter "Vasomune"), and was in Phase IIa clinical trials for pneumonia caused by COVID-19. With the rapid replacement of the Omicron strain with a less severe risk of serious illness, the target has been expanded to include acute respiratory distress syndrome (ARDS), which includes viral and bacterial pneumonia such as influenza, and clinical trials are continuing in the U.S. and South America.

In addition to these existing projects, the Group is preparing for clinical trials in the U.S. in the field of genome editing, which is said to be the ultimate gene therapy, at EmendoBio Inc. (hereinafter "Emendo"), a subsidiary with advanced technology in genome editing.

Going forward, in addition to our own projects, we will continue to aggressively expand our development pipeline by in-licensing from outside sources, joint development with strategic partners, and capital participation in other companies with the aim of becoming a global leader in the field of gene medicine.

For the fiscal year ended December 31, 2022, the Company recorded business revenues of 67 million yen (an increase of 2 million yen (4.5%) year-on-year). Business expenses totaled 16,383 million yen (business expenses of 15,696 million yen in the previous fiscal year) mainly due to increased development costs for Emendo's genome-editing therapeutic drugs, despite cost reductions for the COVID-19 vaccine. As a result, operating loss was 16,316 million yen (operating loss of 15,632 million yen in the previous fiscal year). Although there were foreign exchange gains of 1,322 million yen from revaluation of foreign currency denominated assets due to the weaker yen, the subsidy income decreased to 393 million yen (1.5 billion yen in the previous fiscal year), resulting in an ordinary loss of 14,610 million yen (ordinary loss of 13,588 million yen in the previous fiscal year). Loss attributable to owners of parent was 14,714 million yen (loss attributable to owners of parent of 13,675 million yen in the previous fiscal year).

Overview of R&D

With the aim of becoming a global leader in the field of gene medicine, the Group is engaged in the development and commercialization of pharmaceuticals with a focus on gene medicine. In the field of genome editing, which is said to be the ultimate gene therapy, research and development are being carried out for diseases that have been difficult to treat. Emendo, a member of the Group,

is developing its own proprietary genome editing technology, which is a highly challenging technology in the field of genome editing.

Furthermore, the Company is also actively engaged in alliances with companies in and outside Japan to jointly develop promising drugs for commercialization.

Below is an overview of the Group's developed products and the development status of our alliance partners.

The Company's Development Projects

■ Conditional and time-limited approval system

Project (active ingredient)	Area	Partner	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	Injection	Chronic arterial occlusive disease with lower limb ulcer						Approved	On sale	In progress	Target number of administrations completed

■ Regular approval system

Project	Area	Partner	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)	USA	Mitsubishi Tanabe Pharma Corporation	Injection	Chronic arterial occlusive disease				Phase IIb in progress	Target number of administrations completed		
	Israel	Kamada		Chronic arterial occlusive disease						Approval pending	
	Turkey	Er-Kim		Chronic arterial occlusive disease with lower limb ulcer						Preparing for application	
NF-kB Decoy Oligonucleotide	USA	-	Injection	Chronic discogenic lumbar back pain			Completed	Preparing for clinical trials in Japan			
DNA Vaccine	Australia	-	Injection	Hypertension			Completed				
DNA Vaccine	USA	-	Nasal administration	COVID-19	In progress						
Tie2 Receptor Agonist	USA	Vasomune	Injection	COVID-19/ ARDS			Completed	Phase IIa in progress			
Zokinvy (Lonafarnib)	Japan	Eiger (Originator)	Capsule	Premature aging disease (HGPS/PL)**	In-licensed product					Preparing for application	

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

** HGPS: Hutchinson-Gilford progeria syndrome / PL: Progeroid laminopathy

■ HGF gene therapy product (active ingredient: beperminogene perplasmid) (in-house product)

With regard to the development of HGF gene therapy product for chronic arterial occlusive diseases in Japan, we have utilized the conditional and time-limited approval system 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. At the end of 2021, registration of 120 patients for the test group and 80 for the control group, which are the target numbers for post marketing surveillance, has been completed, and preparations are underway for an application for this approval, scheduled for the spring of 2023.

On the other hand, as no significant difference was found for placebo in the primary endpoint of change in rest pain after 12 weeks of treatment from the pre-administration value in chronic arterial occlusive diseases, for which clinical trials were being conducted in Japan to expand the indications of HGF gene therapy products, the decision was made to discontinue the development of the drug.

As for development in the U.S., we have been conducting Phase IIb clinical trials since January 2020 for the treatment of arteriosclerosis obliterans patients with lower limb ulcers and have completed the initial target number of 60 administrations by the end of 2022. Furthermore, we plan to add a few more cases to the registry in the first quarter of 2023 in light of the dropout cases. In the fiscal year 2023, we will conduct post-administration follow-up.

In addition, in order to market HGF gene therapy products in Israel, our partner company, Kamada Ltd. submitted in 2022 an application for manufacturing and marketing approval to the Israeli Ministry of Health, which accepted the application. Moreover, our partner company in Turkey, Er-Kim has been stalled in its preparations for sales due to the financial problems of the Turkish government.

The Company has concluded an agreement for the approval of exclusive sales rights with Mitsubishi Tanabe Pharma Corporation regarding the sales of HGF gene-therapy product Collategene® targeting peripheral arterial diseases in Japan and the U.S.

■ NF-κB decoy oligonucleotide (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 in the U.S. 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.

As for future development plans, as disclosed on January 30, 2023, we will proceed with development in Japan.

Regarding the other development of NF-κB decoy oligonucleotide, we have been developing chimera decoy. Going forward, we will work to expand the target disease areas and target regions for NF-κB decoy oligonucleotide, including the development of drug delivery systems to efficiently deliver drugs to target sites.

■ Hypertension DNA vaccine (in-house product)

As for the DNA vaccine to treat hypertension, the Company confirmed that there were no serious adverse effects or safety issues for the Phase I/IIa clinical trials conducted in Australia, 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.

For future development, we will continue to consider measures to improve the plasmid DNA expression, which are different from those of DNA vaccines for COVID-19.

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

In response to the spread of COVID-19 (Wuhan type) in 2020, the Company began developing a vaccine using plasmid DNA technology and conducted clinical trials. As a result, 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, and we have decided to discontinue the development of the vaccine up until now.

Meanwhile, we have reviewed the platform, such as by improving the efficiency of plasmid expression and transduction, utilizing the knowledge gained from our past research and development. In parallel to this, we have started research on improved DNA vaccines and intranasal formulations of vaccines with a view to new mutant strains that may arise in the future. Research on this new DNA vaccine will be conducted in collaboration with Stanford University in the U.S.

■ Tie2 Receptor Agonist (co-development product)

We have entered into a joint development agreement with Vasomune, a Canada-based biopharmaceutical company, to develop a Tie2 receptor agonist as a drug for diseases caused by vascular insufficiency such as acute respiratory failure. In response to the spread of COVID-19 in 2020, we conducted Phase I clinical trials of a Tie2 receptor agonist for the treatment of COVID-19 in healthy subjects in the U.S. in December 2020 and confirmed its safety and tolerability. Although Phase IIa clinical trials started in the U.S. in January 2022, the rapid replacement of the Omicron strain with a less severe risk of serious illness made it difficult to enroll targeted patients with pneumonia caused by COVID-19.

Therefore, we submitted an application to the U.S. FDA to expand the target disease to acute respiratory distress syndrome (ARDS), which includes viral and bacterial pneumonia such as influenza, and received approval. In the fiscal year 2023, we will aim to complete enrollment of the target number of patients in Phase IIa clinical trials.

■ Zokinvy (active ingredient: lonafarnib) (in-licensed product)

On May 10, 2022, the Company entered into an exclusive distribution agreement in Japan with Eiger, a U.S. pharmaceutical company, for Zokinvy, a therapeutic agent for the treatment of Hutchinson-Gilford progeria syndrome and processing-deficient progeroid laminopathies. The Company is preparing to obtain approval in Japan as an orphan drug with the aim of obtaining regulatory approval and NHI drug price listing as soon as possible.

Emendo Development Projects

Project	Area	Indication	Lead optimization	Preclinical	IND-enabling	Phase 1-3
Development of genome editing therapy	USA	ELANE-related severe congenital neutropenia				
		Diseases in hematology, ophthalmology, immuno-oncology, etc.				

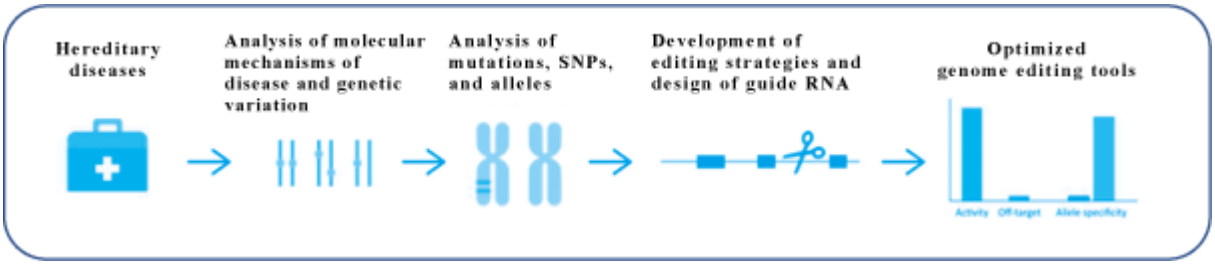
■ Development of products for gene therapy using genome editing technologies

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 has established a platform technology (OMNI Platform) to search and optimize novel CRISPR nucleases (*1) with the aim of safe medical application of genome editing. Emendo is developing numerous novel nucleases (OMNI nucleases) with new features such as avoiding off-target effects (*2) that are often considered a problem in genome editing, and it has applied for patents for these nucleases. Emendo continues to develop the OMNI Platform to further improve its performance and efficiency.

At the same time, Emendo is developing safe and effective therapies for various genetic diseases, including those that have not been targeted by genome editing before, by constructing genome editing strategies for each disease based on an understanding of the molecular mechanisms of the disease and genetic variation, selecting appropriate nucleases from among the many OMNI nucleases, and further optimizing them for the target sequence.

In particular, since ELANE (neutrophil elastase gene) -related severe congenital neutropenia (*3) due to ELANE abnormalities is caused by mutation of only one of the allele (*4) sequences, the treatment of this disease requires extremely precise genome editing to destroy only the mutated gene among the alleles that have almost identical sequences.

Emendo has initiated discussions with the FDA to begin clinical trials in the U.S. during the fiscal year 2023 for a genome editing therapy for ELANE-related severe congenital neutropenia, and a pre-IND meeting was held in November 2022.



*1 Novel CRISPR nuclease: A novel RNA-guided DNA-cleaving enzyme used in genome editing that identifies and cleaves the targeted base sequence as defined by the guide RNA.

*2 Off-target effects: Genome editing that causes unintended mutations in other regions of the DNA strand than the target sequence.

*3 ELANE-related severe congenital neutropenia: Neutropenia caused by maturation defects in granulocyte cells, which can lead to bacterial infections and recurrent otitis media, respiratory tract infections, cellulitis, and skin infections, as well as death due to septicemia.

*4 Allele: Human cells contain a pair of chromosomes, one inherited from the father and the other from the mother. Each chromosome contains basically the same genes, and a gene that is found in the same place on one chromosome as the gene on the other chromosome is called an allele.

Contracted Testing Services and Status of Development at Alliance Partners

■ 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. ACRL is currently contracted to provide testing services for the optional newborn screening project being implemented by Clinical

& Research Association for Rare, Intractable Diseases (CReARID). Going forward, we intend to expand additional contracted screening tests for newborn babies, including collaboration with local governments and private testing centers, and to build a system that can carry out comprehensive tests from diagnosis to treatment for rare hereditary diseases, such as definitive tests and biomarker tests to monitor the therapeutic effect for rare hereditary diseases.

■ Development of therapeutic drugs, supplements, and other products 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. MyBiotics Pharma Ltd. has established a process for the production of cultures (SuperDonor) that reproduce the microbial composition of the intestinal flora. We have completed Phase I clinical trials of MBX-SD-202 for the treatment of clostridium difficile infection in Israel and are in discussions with the FDA for future development in the U.S.

2. Overview of Capital Investments

The total amount of capital investment made during the fiscal year under review was 69 million yen. This was mainly due to investment in R & D facilities.

3. Overview of Financing

In October 2022, the Company issued the 42nd series of share acquisition rights (third-party allotment) to Cantor Fitzgerald & Co., Ltd., and a portion of the rights were exercised by the end of December 2022, raising 3,589 million yen (including proceeds from the issuance of share acquisition rights) 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 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 with the aim of resolving this situation and achieving continuous development.

(1) Progressing own existing projects

The Group recognizes that ensuring the progress of projects for pharmaceuticals and others currently under development is an important issue for the Company.

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 Phase IIb clinical trials in the U.S. targeting arteriosclerosis obliterans. The Group also decided to conduct Phase II clinical trials in Japan on January 30, 2023 for NF-κB decoy oligonucleotide, a nucleic acid medicine, for discogenic low back pain, for which Phase I clinical trials were conducted in the U.S. In addition, the development of a prophylactic DNA vaccine against Wuhan-type COVID-19, which had been under development since March 2020, has been discontinued. However, we have initiated a joint research project with Stanford University on an intranasal formulation of an improved DNA vaccine that is expected to stimulate a broad immune response, and prevent the multiplication and spread of the virus. A Tie2 receptor agonist being co-developed with Vasomune has been in Phase IIa clinical trials since January 2022 for pneumonia caused by severe COVID-19. With the rapid replacement of the Omicron strain with a less severe risk of serious illness, the target has been expanded to include acute respiratory distress syndrome (ARDS), which includes viral and bacterial pneumonia such as influenza, and clinical trials are continuing in the U.S. and South America.

We will continue to develop these drugs under development with an awareness of their priorities.

(2) Expansion of development pipeline and business base

In the Group's core business of pharmaceutical development, the commercialization of developed products is extremely challenging, and we recognize the importance of constantly enhancing our

development pipeline.

The Group is preparing to launch a specific project in the field of genome editing, which is said to be the ultimate gene therapy, at Emendo, a subsidiary with advanced genome editing technology. Emendo has established a platform technology (OMNI Platform) to search and optimize novel CRISPR nucleases with the aim of safe medical application of genome editing. Emendo has also built a pipeline in the fields of hematology, ophthalmology, liver metabolism, and other diseases. The most advanced project for ELANE-related severe congenital neutropenia is in discussions with the FDA for clinical trials in the U.S. Through the development of genome editing technology, Emendo is investigating the use of genome editing technology to treat various diseases in addition to rare hereditary diseases.

In May 2022, the Group entered into an exclusive distribution agreement with Eiger, a U.S. biopharmaceutical company, to market Zokinvy in Japan for the treatment of Hutchinson-Gilford progeria syndrome and processing-deficient progeroid laminopathies, which are very rare and fatal hereditary progeria, and is currently preparing to obtain approval. In addition, we will continue the joint research initiated with Stanford University on an intranasal formulation of an improved DNA vaccine for viral lung diseases, including COVID-19, so that we can move forward to clinical development as soon as possible and expand our development pipeline.

In addition, optional newborn screening tests for rare hereditary diseases at ACRL, which was established in 2021, has so far been commissioned in the Tokyo metropolitan area. Going forward, we will work to expand its target area and seek more contracts from private testing companies and others. Furthermore, in addition to the existing screening tests, we will build a system that can carry out comprehensive tests from diagnosis to treatment for rare hereditary diseases, such as definitive tests and biomarker tests to monitor the therapeutic effect for rare hereditary diseases.

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, capital participation in other companies, and acquiring other companies.

(3) Securing alliance partners for development projects

The Group adopts an alliance model to reduce development risk by teaming up with pharmaceutical companies and to reduce financial risk by receiving upfront and milestone payments and development cooperation payments, while advancing development and receiving royalties after the product is launched.

With regard to the HGF gene therapy product Collategene®, the Company signed an agreement with Mitsubishi Tanabe Pharma Corporation regarding exclusive sales rights for it 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 for it in Israel, and an application for approval was filed to and accepted by the Israeli Ministry of Health in 2022. Furthermore, in October 2020, we signed a basic out-licensing agreement for approval of exclusive sales rights for it with Er-Kim, a company that deals with specialty drugs (drugs specialized in specific diseases), in Turkey.

The Group will continue to work to strengthen its business base by considering further alliances with pharmaceutical and other companies, as well as developing companies that are willing to cooperate with us in development projects 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 October 12, 2022, the Company issued the 42nd series of share acquisition rights (third-party allotment) to Cantor Fitzgerald & Co., Ltd., and a portion of the rights were exercised by the end of December 2022, raising 3,589 million yen (including proceeds from the issuance of share acquisition rights). The Company will continue to consider the possibility of raising capital as necessary to perform R&D activities and maintain corporate activities.

However, since the method, amount, and timing of financing to continue the projects described above have not been determined at this point in time, we have determined that there is 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 21st fiscal year ended December 31, 2019	The 22nd fiscal year ended December 31, 2020	The 23rd fiscal year ended December 31, 2021	The 24th fiscal year ended December 31, 2022 (Fiscal year under review)
Business revenues	326,759	39,998	64,148	67,061
Ordinary loss	(3,293,214)	(6,618,353)	(13,588,973)	(14,610,015)
Loss attributable to owners of parent	(3,750,823)	(4,209,511)	(13,675,587)	(14,714,772)
Net loss per share [yen]	(35.81)	(35.33)	(92.86)	(94.29)
Total assets	12,524,600	38,354,611	45,455,746	38,820,711
Total net assets	12,055,351	32,679,675	38,634,741	30,425,406

(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.
3. Effective from the fiscal year under review, the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. The figures stated in the status of assets and profit and loss for the fiscal year under review are those after the application of the accounting standard, etc.

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 67 million yen (an increase of 4.5% year-on-year), and loss attributable to owners of parent was 14,714 million yen (loss attributable to owners of parent of 13,675 million yen in the previous fiscal year).

7. Principal Business (as of December 31, 2022)

1) R&D of an HGF gene therapy product
2) R&D of NF-κB decoy oligonucleotide (nucleic acid medicine)
3) R&D of drugs for acute respiratory distress syndrome (ARDS)
4) R&D of Zokinvy for treatment of hereditary progeria syndrome
5) R&D of DNA vaccine for hypertension
6) R&D of products for gene therapy using genome editing technologies
7) New optional screening test for rare hereditary diseases
8) R&D of other pipelines

8. Principal Business Locations (as of December 31, 2022)

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.: New Jersey, USA

EmendoBio Inc.: New York, USA

9. Status of Employees (as of December 31, 2022)

1) Status of employees of the Group

Number of employees	Change from the end of the previous fiscal year
138	+7

(Note)

The number of employees is the number of employees working full-time, and does not include employees on leave of absence and 10.2 temporary employees (average number of employees per year).

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
39	(3)	53.9 years old	7 years and 11 months

(Note)

The number of employees is the number of employees working full-time, and does not include employees on leave of absence and 9.8 temporary employees (average number of employees per year).

II. Status of Shares (as of December 31, 2022)

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

2. Total Number of Shares Issued **178,623,900 shares**
(including 92 shares of treasury stock)

3. Number of Shareholders **118,009 persons**

4. Major Shareholders

Name of shareholders	Number of shares held (shares)	Shareholding ratio (%)
SBI SECURITIES Co., Ltd.	2,721,857	1.52
Nomura Securities Co., Ltd.	2,116,762	1.18
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,851,810	1.03
MLPFS CUSTODY ACCOUNT	1,205,005	0.67
Shionogi & Co., Ltd.	1,186,800	0.66
Yuichiro Hayashi	1,174,500	0.65
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	907,808	0.50
MSIP CLIENT SECURITIES	828,200	0.46
Hiroshi Kawai	705,200	0.39
Ryuichi Morishita	691,600	0.38

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

IV. Status of Company Officers

1. Status of Members of the Board and Corporate Auditors (as of December 31, 2022)

Position	Name	Responsibilities or significant concurrent positions
President and Chief Executive Officer	Ei Yamada	President, AnGes USA, Inc. External Member of the Board, EmendoBio Inc. External Board Member, MyBiotics Pharma Ltd.
Member of the Board	Naoya Sato	External Member of the Board, EmendoBio Inc. Director of Corporate Development
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
Member of the Board	Junichi Komamura	External Director, Nippon Pillar Packing Co., Ltd. External Director, Tokai Trading Co., Ltd. Outside Director, Ai-BrainScience Inc.
Member of the Board	Makoto Hara	
Member of the Board	Kimiko Murofushi	
Standing Corporate Auditor	Naoyuki Ono	
Corporate Auditor	Katsunori Horikoshi	
Corporate Auditor	Koichi Ando	

(Notes)

1. Messrs. Norikazu Eiki, Junichi Komamura and Makoto Hara as well as Ms. Kimiko Murofushi 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 well as Ms. Kimiko Murofushi 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. Mr. Naoya Sato and Ms. Kimiko Murofushi were newly elected and assumed office as Members of the Board at the 23rd Annual General Meeting of Shareholders held on March 30, 2022.

2. Remuneration for Officers

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

The Company's Board of Directors determines the policy for 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 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, 2022 to authorize Mr. Ei Yamada, President and Chief Executive Officer, to determine individual 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 (4)	112,116 (45,000)	— —	112,116 (45,000)
Corporate Auditors (External Corporate Auditors)	3 (3)	30,700 (30,700)	— —	30,700 (30,700)
Total (External Directors and Corporate Auditors)	9 (7)	142,816 (75,700)	— —	142,816 (75,700)

(Note) The Company has six Members of the Board (four External Directors) and three Corporate Auditors (three External Corporate Auditors) as of the end of the fiscal year under review.

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 and officers of subsidiaries 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	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. Outside Director, Ai-BrainScience Inc.	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 17 out of 17 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 17 out of 17 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 17 out of 17 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.
- Kimiko Murofushi, Member of the Board
  She attended 12 out of 13 meetings of the Board of Directors held after she assumed the post of External Director. She has abundant 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 and made objective proposals for the overall management of the Company. She also gave advice and suggestions to ensure the adequacy and appropriateness of the Board of Directors' decisions.
- Naoyuki Ono, Standing Corporate Auditor
  He attended 17 out of 17 meetings of the Board of Directors held during the fiscal year under review. He attended 13 out of 13 meetings of the Board of Corporate Auditors held during the fiscal year under review. 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, 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 through auditing activities, he supervised overall management and provided useful advice for the management of the Company.

- Katsunori Horikoshi, Corporate Auditor
  He attended 17 out of 17 meetings of the Board of Directors held during the fiscal year under review. He attended 13 out of 13 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 17 out of 17 meetings of the Board of Directors held during the fiscal year under review. He attended 13 out of 13 meetings of the Board of Corporate Auditors held during the fiscal year under review. 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.
75,700 thousand yen
Officers receiving payments: 7
(Note) As of the end of the fiscal year under review, people eligible for remuneration were four External Directors and three External Corporate Auditors.

V. 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	51,000 thousand yen
Total amount of money and other financial benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	51,000 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. EmendoBio Inc., a significant subsidiary of the Company, undergoes audits by a member firm of Deloitte Touche Tohmatsu, which belongs to the same network as the Company's Accounting Auditor.

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.

VI. 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) 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.
3) 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 three times 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 six Members, including four External Directors, and is attended by three Corporate Auditors (all of whom are External Corporate Auditors). The Board of Directors meet 17 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 13 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, 2022)

(In thousands of yen)

Account item	Amount	Account item	Amount
Assets		**Liabilities**	
Current assets	**12,896,458**	**Current liabilities**	**7,323,600**
Cash and deposits	11,035,102	Accounts payable - trade	553,252
Accounts receivable - trade	9,887	Accounts payable - other	590,301
Finished goods	3,453	Accrued expenses	90,094
Raw materials and supplies	1,004,996	Income taxes payable	148,339
Advance payments - trade	303,436	Advances received	5,764,004
Prepaid expenses	91,734	Deposits received	16,865
Consumption taxes receivable	392,081	Lease liabilities	160,743
Other	55,766	**Non-current liabilities**	**1,071,704**
		Deferred tax liabilities	12,416
Non-current assets	**25,924,253**	Asset retirement obligations	64,317
Property, plant and equipment	**1,410,919**	Lease liabilities	994,969
Buildings	81,448	**Total liabilities**	**8,395,304**
Tools, furniture and fixtures	11,253	**Net assets**	
Right of use assets	1,318,216	**Shareholders' equity**	**25,463,783**
		Share capital	**35,146,368**
Intangible assets	**23,254,472**	**Capital surplus**	**17,467,693**
Goodwill	23,254,472	**Retained earnings**	**(27,150,247)**
		Treasury shares	**(31)**
Investments and other assets	**1,258,862**		
Investment securities	921,573	**Accumulated other comprehensive income**	**4,860,639**
Leasehold and guarantee deposits	97,969	**Valuation difference on available-for-sale securities**	**19,396**
Deferred tax assets	158,067	**Foreign currency translation adjustment**	**4,841,242**
Other	81,252		
		Share acquisition rights	**100,984**
		Total net assets	**30,425,406**
Total assets	**38,820,711**	**Total liabilities and net assets**	**38,820,711**

Consolidated Statements of Operations

(January 1, 2022 - December 31, 2022)

(In thousands of yen)

Account item	Amount	
Business revenues		
Net sales of finished goods	11,614	
Commission income	55,446	67,061
Business expenses		
Cost of sales	93,889	
Research and development expenses	10,999,325	
Selling, general and administrative expenses	5,290,649	16,383,864
Operating loss		**16,316,803**
Non-operating income		
Interest income	1,830	
Foreign exchange gains	1,322,156	
Subsidy income	393,514	
Commission income	9,768	
Miscellaneous income	6,235	1,733,506
Non-operating expenses		
Share issuance costs	24,949	
Loss on investments in investment partnerships	806	
Subscription rights to shares issuance cost	962	26,718
Ordinary loss		**14,610,015**
Extraordinary income		
Gain on reversal of share acquisition rights	3,870	3,870
Extraordinary losses		
Impairment losses	104,800	
Loss on valuation of investment securities	6,048	110,849
Loss before income taxes		**14,716,994**
Income taxes - current	37,481	
Refund of income taxes	(328)	
Income taxes - deferred	(39,375)	(2,222)
Loss		**14,714,772**
Loss attributable to owners of parent		**14,714,772**

Non-Consolidated Balance Sheets

(As of December 31, 2022)

(In thousands of yen)

Account item	Amount	Account item	Amount
Assets		**Liabilities**	
Current assets	**10,487,229**	**Current liabilities**	**6,504,219**
Cash and deposits	8,840,599	Accounts payable - trade	448,182
Accounts receivable - trade	9,887	Accounts payable - other	121,874
Finished goods	3,453	Accrued expenses	4,953
Raw materials and supplies	1,004,996	Income taxes payable	148,339
Advance payments - trade	137,311	Advances received	5,764,004
Prepaid expenses	65,084	Deposits received	16,865
Consumption taxes receivable	392,081		
Other	33,815	**Non-current liabilities**	**73,051**
		Deferred tax liabilities	8,734
Non-current assets	**30,231,384**	Asset retirement obligations	64,317
Property, plant and equipment	**92,702**		
Buildings	81,448	**Total liabilities**	**6,577,271**
Tools, furniture and fixtures	11,253	**Net assets**	
		Shareholders' equity	**34,020,961**
Investments and other assets	**30,138,682**	**Share capital**	**35,146,368**
Investment securities	72,161	**Capital surplus**	**15,076,868**
Investments in other securities of subsidiaries and associates	74,140	Legal capital surplus	15,076,868
Shares of subsidiaries and associates	20,344,113	**Retained earnings**	**(16,202,244)**
Long-term loans receivable from subsidiaries	9,474,780	Other retained earnings	(16,202,244)
Long-term prepaid expenses	132	Retained earnings brought forward	(16,202,244)
Leasehold and guarantee deposits	92,234	**Treasury shares**	**(31)**
Other	81,120		
		Valuation and translation adjustments	**19,396**
		Valuation difference on available-for-sale securities	**19,396**
		Share acquisition rights	**100,984**
		Total net assets	**34,141,342**
Total assets	**40,718,613**	**Total liabilities and net assets**	**40,718,613**

Non-Consolidated Statements of Operations

(January 1, 2022 - December 31, 2022)

(In thousands of yen)

Account item	Amount	
Business revenues		
Net sales of finished goods	11,614	
Commission income	55,446	67,061
Business expenses		
Cost of sales	93,889	
Research and development expenses	7,969,606	
Selling, general and administrative expenses	1,695,063	9,758,560
Operating loss		**9,691,498**
Non-operating income		
Interest income	138,486	
Foreign exchange gains	1,168,861	
Subsidy income	393,514	
Commission income	9,768	
Miscellaneous income	6,235	1,716,866
Non-operating expenses		
Share issuance costs	24,949	
Loss on investments in investment partnerships	806	
Subscription rights to shares issuance cost	962	26,718
Ordinary loss		**8,001,351**
Extraordinary income		
Gain on reversal of share acquisition rights	3,870	3,870
Extraordinary losses		
Impairment losses	104,800	
Loss on valuation of investment securities	6,048	110,849
Loss before income taxes		**8,108,330**
Income taxes - current	7,122	7,122
Loss		**8,115,452**

Independent Auditor's Report

(English Translation)

February 22, 2023

To the Board of Directors
AnGes, Inc.

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

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, 2022 through December 31, 2022.

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.

Significant Uncertainty regarding the Going Concern Assumption

As stated in the notes on the going concern assumption, the Company has continuously recorded operating loss and negative cash flow. Accordingly, significant doubt has arisen as to the Company's ability to continue as a going concern. Currently, it is acknowledged that a significant uncertainty exists with regard to the going concern assumption. The measures to be taken against these events or conditions and the reasons for the acknowledgment of significant uncertainty are stated in the said notes. The consolidated financial statements have been prepared in accordance with the going concern assumption and the impact of this significant uncertainty has not been reflected in the consolidated financial statements.

This matter does not affect our opinion on the consolidated financial statements in any way.

Other Information

The other information comprises the information included in the business report and the accompanying supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the execution of Director's duties related to designing and operating the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not

express our opinion on the other information.

Our responsibility for the audit of the consolidated financial statements is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 going concern assumption, 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 going concern assumption 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 going concern assumption, 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 22, 2023

To the Board of Directors
AnGes, Inc.

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

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 24th fiscal year from January 1, 2022 through December 31, 2022.

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, 2022, 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.

Significant Uncertainty regarding the Going Concern Assumption

As stated in the notes on the going concern assumption, the Company has continuously recorded operating loss and negative cash flow. Accordingly, significant doubt has arisen as to the Company's ability to continue as a going concern. Currently, it is acknowledged that a significant uncertainty exists with regard to the going concern assumption. The measures to be taken against these events or conditions and the reasons for the acknowledgment of significant uncertainty are stated in the said notes. The financial statements and the accompanying supplementary schedules have been prepared in accordance with the going concern assumption and the impact of this significant uncertainty has not been reflected in the financial statements and the accompanying supplementary schedules.

This matter does not affect our opinion on the financial statements and the accompanying supplementary schedules in any way.

Other Information

The other information comprises the information included in the business report and the accompanying supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the execution of Director's duties related to designing and operating the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express our opinion on the other information.

Our responsibility for the audit of the financial statements and the accompanying supplementary schedules is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 going concern assumption, 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 going concern assumption 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 going concern assumption, 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 24th fiscal year from January 1, 2022 through December 31, 2022, 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 22, 2023

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.