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(Stock Exchange Code 4563)
March 5, 2021

To Shareholders with Voting Rights:

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

NOTICE OF THE 22ND ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear shareholders:

You are hereby notified that the 22nd Annual General Meeting of Shareholders of AnGes, Inc. (the “Company”) will be held for the purposes as described below.

From the viewpoint of preventing the spread of the novel coronavirus disease (COVID-19), we strongly request that shareholders refrain from attending the meeting in person on the day of the meeting regardless of their health condition. Shareholders who are elderly, have any underlying disease, are pregnant or are not in good health are requested to exercise careful judgment as they are believed to be severely affected by the infection.

In order to allow as many shareholders as possible to view the General Meeting of Shareholders from their homes, we have decided to stream the meeting live.

Please note that it is not possible to ask questions, exercise voting rights, or submit motions under the Companies Act through the live streaming.

Instead of attending the meeting in person, **you can exercise your voting right by either of the following methods. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 10:00 p.m. on Monday, March 29, 2021, 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/>).

Please read through the “Procedures for the Exercise of Voting Rights” on pages 3 and 4 for voting via the website.

- 1. Date and Time:** **Tuesday, March 30, 2021 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 22nd Fiscal Year (January 1, 2020 - December 31, 2020) 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 22nd Fiscal Year (January 1, 2020 - December 31, 2020)

Proposals to be resolved:

Proposal 1:	Reductions in Amounts of Capital Reserve and Appropriation of Surplus
Proposal 2:	Election of 4 Members of the Board
Proposal 3:	Election of 3 Corporate Auditors
Proposal 4:	Election of 1 Substitute Corporate Auditor

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- The company briefing session for shareholders held following adjournment of the General Meeting of Shareholders will be broadcast at the venue in the form of a prerecorded program. Please note that there will be no question and answer session. Also, please note that you can continue to watch the company briefing session for shareholders held following adjournment of the General Meeting of Shareholders on the live stream.
- As the “Status of Share Acquisition Rights” in the Business Report, the “Consolidated Statements of Changes in Net Assets” and “Notes to the Consolidated Financial Statements” in the Consolidated Financial Statements and the “Non-consolidated Statements of Changes in Net Assets” and “Notes to the Non-consolidated Financial Statements” in the Non-consolidated Financial Statements are posted on the Company’s website (<https://www.anges.co.jp/>) as stipulated by laws, regulations and Article 16 of the Articles of Incorporation, they are not included in the attached documents to this Notice of Annual General Meeting of Shareholders. As such, the attached documents include only an excerpt of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Accounting Auditor in preparing its accounting audit report, and the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements audited by the Corporate Auditors in preparing their audit report.
- In the event of revision to the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements or Consolidated Financial Statements, such revisions will be posted on the Company’s website (<https://www.anges.co.jp/>). Please be advised in advance that the resolutions adopted at the 22nd General Meeting of Shareholders (Notice of Resolutions of the Annual General Meeting of Shareholders) will also be posted on the Company’s website.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Reductions in Amounts of Capital Reserve and Appropriation of Surplus

The Company recorded a deficit in retained earnings brought forward of 15,884,121 thousand yen as of December 31, 2020.

As part of the financial strategy for the appropriate implementation of the Company's future growth strategy, the amount of capital reserve shall be decreased according to the provisions of 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 as well as holding down the tax base, among other purposes.

In addition, the capital decrease under this proposal will be conducted without a refund. The total number of issued shares will not be changed in the decrease in the amount of capital reserve. Accordingly, it will not have an impact on the number of shares held by the shareholders. In addition, the decrease in the amount of capital reserve 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 capital reserve

(1) A reduction in the amount of capital reserve

The Company will reduce the amount of capital reserve as of December 31, 2020 by 15,884,121,559 yen to 4,542,577,232 yen, and transfer the entire amount of capital reserve 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 capital reserve

Planned to be April 9, 2021.

2. Details of 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 reduction in the amount of capital reserve as described in 1. above shall become effective, the total of other capital surplus of 15,884,121,559 yen which was transferred from capital reserve shall be reduced and re-transferred to retained earnings brought forward to make up for the deficit.

(2) The effective date of the appropriation of surplus

Planned to be April 9, 2021.

Proposal 2: Election of 4 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 4 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	<u>Reappointment</u> Ei Yamada	President and Chief Executive Officer	100% (15/15)
2	<u>Reappointment</u> Norikazu Eiki	Member of the Board	100% (15/15)
3	<u>Reappointment</u> Junichi Komamura	Member of the Board	100% (15/15)
4	<u>Reappointment</u> Makoto Hara	Member of the Board	100% (15/15)

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p style="text-align: center;"><u>Reappointment</u></p> <p style="text-align: center;">Ei Yamada (June 27, 1950)</p>	<p>April 1981 Special Researcher, Japan Society for the Promotion of Science</p> <p>April 1982 Joined Mitsubishi Kasei Corporation (currently Mitsubishi Chemical Corporation)</p> <p>January 1995 Joined Sosei K.K.</p> <p>August 2000 Joined Takara Shuzo Co., Ltd. Director, Dragon Genomics Inc. (currently Takara Bio Inc.)</p> <p>May 2001 Joined AnGes MG, Inc. (currently AnGes, Inc.) General Manager of Business Development</p> <p>August 2001 Member of the Board, AnGes MG, Inc. (currently AnGes, Inc.)</p> <p>September 2002 President and Chief Executive Officer, AnGes MG, Inc. (currently AnGes, Inc.) (current)</p> <p>March 2014 CEO, AnGes, Inc. (currently AnGes USA, Inc.) (current)</p> <p>December 2018 External Board Member, MyBiotics Pharma Ltd. (current)</p> <p>January 2020 External Board Member, Barcode Diagnostics Ltd. (current) External Member of the Board, EmendoBio Inc. (current)</p>	104,000
<p>[Reasons for appointment as a candidate for Member of the Board]</p> <p>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.</p>			
2	<p style="text-align: center;"><u>Reappointment</u></p> <p style="text-align: center;">Norikazu Eiki (April 17, 1948)</p>	<p>August 1979 Joined Nihon Ciba-Geigy K.K.</p> <p>January 1994 Joined Bayer Yakuhin, Ltd.</p> <p>March 1997 Director (Shiga Factory Manager), Bayer Yakuhin, Ltd.</p> <p>July 2002 Representative Director & President, Bayer Yakuhin, Ltd.</p> <p>January 2007 Representative Director & Chairman, Bayer Yakuhin, Ltd.</p> <p>April 2010 Director & Chairman, Bayer Yakuhin, Ltd.</p> <p>May 2014 Member of the Board (External Director), AnGes MG, Inc. (currently AnGes, Inc.) (current)</p> <p>March 2015 Outside Director, FunPep Co., Ltd. (current)</p> <p>June 2015 Outside Director, Towa Pharmaceutical Co., Ltd. (current)</p> <p>April 2016 External Director, Solasia Pharma K.K. (current)</p> <p>June 2018 External Board Director, Gene Techno Science Co., Ltd. (current)</p>	—
<p>[Reasons for appointment as a candidate for External Director]</p> <p>Mr. Norikazu Eiki has extensive experience and knowledge as a manager of a pharmaceutical company. Therefore, the Company has judged that he will provide valuable advice on the Company's management as an External Director and appointed him as a candidate for Member of the Board again. Mr. Eiki will have served as an External Director of the Company for 6 years and 10 months at the conclusion of this General Meeting of Shareholders.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p style="text-align: center;"><u>Reappointment</u></p> <p>Junichi Komamura (May 3, 1950)</p>	<p>April 1973 Joined Mitsubishi Corporation</p> <p>April 1996 President of Miteni (Italy)</p> <p>August 2003 Executive Officer, Morishita Jintan Co., Ltd.</p> <p>October 2003 Executive Officer and Head of Corporate Planning, Morishita Jintan Co., Ltd.</p> <p>April 2004 Managing Executive Officer and Head of Corporate Planning, Morishita Jintan Co., Ltd.</p> <p>June 2004 Director, Managing Executive Officer and Head of Corporate Planning, Morishita Jintan Co., Ltd.</p> <p>April 2005 Senior Managing Director and Senior Managing Executive Officer, Morishita Jintan Co., Ltd.</p> <p>November 2005 Representative Director and Senior Managing Executive Officer, Morishita Jintan Co., Ltd.</p> <p>October 2006 Representative Director and President, Morishita Jintan Co., Ltd.</p> <p>March 2012 Member of the Board (External Director), AnGes MG, Inc. (currently AnGes, Inc.) (current)</p> <p>June 2020 External Director, Nippon Pillar Packing co., Ltd. (current)</p> <p>External Director, Tokai Trading Co., Ltd. (current)</p>	—

[Reasons for appointment as a candidate for External Director]

Mr. Junichi Komamura has extensive experience and knowledge as a corporate manager. Therefore, the Company has judged that he will provide valuable advice on the Company's management as an External Director and appointed him as a candidate for Member of the Board again. Mr. Komamura will have served as an External Director of the Company for 9 years at the conclusion of this General Meeting of Shareholders.

4	<p style="text-align: center;"><u>Reappointment</u></p> <p>Makoto Hara (March 15, 1951)</p>	<p>April 1974 Joined Sumitomo Chemical Co., Ltd. (currently Sumitomo Chemical Company Limited)</p> <p>August 1999 General Manager, Corporate Planning Office, Sumitomo Pharmaceuticals Co., Ltd.</p> <p>General Manager, Pharmaceutical Operations Office, Sumitomo Chemical Company Limited</p> <p>April 2003 General Manager, Petrochemicals & Plastic Office, Sumitomo Chemical Company Limited</p> <p>June 2005 Executive Officer, General Manager, Corporate Planning & Coordination Office, Finance & Accounting, Sumitomo Chemical Company Limited</p> <p>April 2008 Managing Executive Officer, Sumitomo Chemical Company Limited</p> <p>April 2010 Senior Managing Executive Officer, Sumitomo Chemical Company Limited</p> <p>September 2010 Senior Executive Officer, Sumitomo Dainippon Pharma Co., Ltd.</p> <p>June 2011 Member, Board of Directors, Senior Executive Officer, Sumitomo Dainippon Pharma Co., Ltd.</p> <p>April 2012 Member, Board of Directors, Executive Vice President, Sumitomo Dainippon Pharma Co., Ltd.</p> <p>June 2016 Advisor, Sumitomo Dainippon Pharma Co., Ltd.</p> <p>March 2018 Member of the Board (External Director), AnGes, Inc. (current)</p>	—
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[Reasons for appointment as a candidate for External Director]

Mr. Makoto Hara has extensive experience and knowledge as a manager of a pharmaceutical company. Therefore, the Company has judged that he will provide valuable advice on the Company's management as an External Director and appointed him as a candidate for Member of the Board again. Mr. Hara will have served as an External Director of the Company for 3 years at the conclusion of this General Meeting of Shareholders.

(Notes)

1. There are no special interests between the candidates and the Company.
2. Messrs. Norikazu Eiki, Junichi Komamura and Makoto Hara are candidates for External Directors.
3. The Company has designated and registered Messrs. Norikazu Eiki, Junichi Komamura and Makoto Hara as Independent Directors as stipulated by the Tokyo Stock Exchange.
4. If Messrs. Norikazu Eiki, Junichi Komamura and Makoto Hara are elected as External Directors, the Company plans to continue the agreement to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act with each, as stipulated in Article 427, Paragraph 1 of the Companies Act and Article 29 of the Company's Articles of Incorporation. The maximum amount of liability pursuant to the agreement will be the amount stipulated by laws and regulations.
5. The Company has entered into a officers liability insurance contract, which outlines the following contents. Messrs. Ei Yamada, Norikazu Eiki, Junichi Komamura and Makoto Hara will continue to be insured, and will also continue to be the insured at the next renewal if they are elected as Directors.
 - (i) Actual ratio of premiums paid by the insured
The premiums are paid by the Company, including riders. Therefore, the insured does not bear the actual premiums.
 - (ii) Outline of events insured against
The policy, together with riders, will cover damages that may arise due to the insured directors and officers assuming liability for the execution of his or her duties or receiving a claim related to the pursuit of such liability. However, there are certain exemptions, such as in case of actions taken with the knowledge that such actions are in violation of laws and regulations.

Proposal 3: Election of 3 Corporate Auditors

The terms of office of all 3 Corporate Auditors will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, the Company proposes the election of 3 Corporate Auditors.

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

The candidates for Corporate Auditors are as follows:

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	<p><u>New appointment</u></p> <p>Naoyuki Ono (March 29, 1959)</p>	<p>April 1981 Joined Asahi Kasei Corp.</p> <p>April 2006 General Manager, Corporate Planning Dept., Asahi Kasei Pharma Corporation</p> <p>November 2011 President and Chief Executive Officer, Asahi Kasei Pharma America Corp.</p> <p>June 2013 General Manager, Internal Audit Dept., Asahi Kasei Corp.</p> <p>June 2018 Assistant, Human Resources Dept., Asahi Kasei Homes Corp. (current)</p> <p>Outside Director and Audit and Supervisory Committee Member, Chuo Build Industry Co., Ltd. (current)</p>	—
<p>[Reasons for appointment as a candidate for External Corporate Auditor]</p> <p>Mr. Naoyuki Ono is expected to monitor management in general and give effective advice because he has extensive experience and a wide range of insight in the pharmaceutical industry, as well as experience as a manager of internal audit department and experience as Outside Director and Audit and Supervisory Committee Member in another industry. Therefore, the Company has comprehensively judged that Mr. Ono will be well qualified as an External Corporate Auditor of the Company and appointed him as a candidate for External Corporate Auditor.</p>			
2	<p><u>Reappointment</u></p> <p>Katsunori Horikoshi (April 7, 1952)</p>	<p>April 1979 Joined Asahi Kasei Corp.</p> <p>July 2000 General Manager, Sales & Marketing Dept., Planova Division, Asahi Kasei Medical Co., Ltd.</p> <p>April 2005 Director, Asahi Kasei Planova Europe N.V./S.A.</p> <p>June 2006 Executive Officer and General Manager, Planova Division, Asahi Kasei Medical Co., Ltd.</p> <p>April 2007 Director, Asahi Kasei Medical America Inc.</p> <p>June 2011 Standing Statutory Auditor, Asahi Kasei Pharma Corp. and Standing Statutory Auditor, Asahi Kasei Aime Corp.</p> <p>March 2017 Standing Corporate Auditor, AnGes, Inc. (current)</p>	—
<p>[Reasons for appointment as a candidate for External Corporate Auditor]</p> <p>Mr. Katsunori Horikoshi 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 continue to execute his duties as an External Corporate Auditor appropriately and appointed him as a candidate for External Corporate Auditor again. Mr. Horikoshi will have served as an External Corporate Auditor of the Company for 4 years at the conclusion of this General Meeting of Shareholders.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
3	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">New appointment</div> Koichi Ando (August 30, 1956)	April 1979 Joined Daiichi Pharmaceutical Co., Ltd. (currently Daiichi Sankyo Co., Ltd.) August 1979 Assigned to Osaka Branch Office (in charge of pharmaceutical information), Daiichi Pharmaceutical Co., Ltd. Have experience in headquarters marketing division, post-marketing studies management division, R&D division (management), and public relations/IR division April 2007 Senior Director, Compliance/Risk Management Promotion Group, CSR Department, Daiichi Sankyo Co., Ltd. April 2009 Senior Director, Legal Affairs/Compliance Group, Legal Affairs Department, Daiichi Sankyo Co., Ltd. June 2015 Member of the Audit and Supervisory Board, Kitasato Daiichi Sankyo Vaccine Co., Ltd. (standing) April 2019 Adviser, Daiichi Sankyo Biotech Co., Ltd. (current)	—
<p>[Reasons for appointment as a candidate for External Corporate Auditor] Mr. Koichi Ando has extensive experience and knowledge in the pharmaceutical industry. Therefore, the Company has judged that he will execute his duties as an External Corporate Auditor of the Company appropriately and appointed him as a candidate for External Corporate Auditor.</p>			

(Notes)

1. There are no special interests between the candidates and the Company.
2. Messrs. Naoyuki Ono, Katsunori Horikoshi and Koichi Ando are candidates for External Corporate Auditors.
3. The Company has designated and registered Mr. Katsunori Horikoshi as Independent Director as stipulated by the Tokyo Stock Exchange. If Messrs. Naoyuki Ono and Koichi Ando are elected, the Company plans to register them as Independent Directors as well.
4. Mr. Naoyuki Ono plans to resign from the office of Outside Director and Audit and Supervisory Committee Member of Chuo Build Industry Co., Ltd. at the conclusion of the Annual General Meeting of Shareholders of Chuo Build Industry Co., Ltd. scheduled to be held on June 18, 2021. He also plans to retire from the office of Asahi Kasei Homes Corp. on June 30, 2021.
5. Mr. Koichi Ando plans to retire from the office of Adviser of Daiichi Sankyo Biotech Co., Ltd. on March 29, 2021.
6. If Messrs. Naoyuki Ono, Katsunori Horikoshi and Koichi Ando are elected as External Corporate Auditors, the Company plans to continue the agreement to limit the liability of Mr. Katsunori Horikoshi pursuant to Article 423, Paragraph 1 of the Companies Act, as stipulated in Article 427, Paragraph 1 of the Companies Act and Article 38 of the Company's Articles of Incorporation. The Company also plans to enter similar agreements with Messrs. Naoyuki Ono and Koichi Ando. The maximum amount of liability pursuant to the agreement will be the amount stipulated by laws and regulations.
7. The Company has entered into a officers liability insurance contract, which outlines the following contents. Mr. Katsunori Horikoshi will continue to be insured if he is elected as External Corporate Auditor. Messrs. Naoyuki Ono and Koichi Ando will be insured, and will also continue to be the insured at the next renewal if they are elected as External Corporate Auditor.
 - (i) Actual ratio of premiums paid by the insured
 The premiums are paid by the Company, including riders. Therefore, the insured does not bear the actual premiums.
 - (ii) Outline of events insured against
 The policy, together with riders, will cover damages that may arise due to the insured directors and officers assuming liability for the execution of his or her duties or receiving a claim related to the pursuit of such liability. However, there are certain exemptions, such as in case of actions taken with the knowledge that such actions are in violation of laws and regulations.

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
Shinji Toyama (December 21, 1942)	April 1965 Joined Shionogi & Co., Ltd.	
	March 2000 Secretary-General, Kinki Bio-industry Development Organization (currently NPO Kinki Bio-industry Development Organization)	
	March 2002 External Corporate Auditor, AnGes MG, Inc. (currently AnGes, Inc.)	
	December 2002 External Director, Bio-Sight Capital Co., Ltd.	
	April 2003 Senior Director, NPO Kinki Bio-industry Development Organization	
	June 2005 Director and Cluster Manager, NPO Kinki Bio-industry Development Organization	
	June 2006 Senior Director and Cluster Manager, NPO Kinki Bio-industry Development Organization	
	June 2012 Senior Advisor, NPO Kinki Bio-industry Development Organization (current)	
March 2017 Substitute External Corporate Auditor, AnGes MG, Inc. (currently AnGes, Inc.) (current)		
<p>[Reasons for appointment as a candidate for Substitute External Corporate Auditor] Mr. Shinji Toyama 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 continue to execute his duties as an External Corporate Auditor appropriately and appointed him as a candidate for Substitute External Corporate Auditor again.</p>		

(Notes)

1. There are no special interests between the candidate and the Company.
2. Mr. Shinji Toyama is a candidate for Substitute External Corporate Auditor.
3. If Mr. Shinji Toyama assumes office as External Corporate Auditor, the Company plans to designate and register him as Independent Director as stipulated by the Tokyo Stock Exchange.
4. If Mr. Shinji Toyama assumes office as External Corporate Auditor, the Company plans to enter into an agreement to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act, as stipulated in Article 427, Paragraph 1 of the Companies Act and Article 38 of the Company's Articles of Incorporation. The maximum amount of liability pursuant to the agreement will be the amount stipulated by laws and regulations.
5. The Company has entered into a officers liability insurance, which outlines the following contents. Mr. Shinji Toyama will be insured, and will also continue to be the insured at the next renewal if he assumes office as External Corporate Auditor.
 - (i) Actual ratio of premiums paid by the insured
The premiums are paid by the Company, including riders. Therefore, the insured does not bear the actual premiums.
 - (ii) Outline of events insured against
The policy, together with riders, will cover damages that may arise due to the insured directors and officers assuming liability for the execution of his or her duties or receiving a claim related to the pursuit of such liability. However, there are certain exemptions, such as in case of actions taken with the knowledge that such actions are in violation of laws and regulations.

(Attached documents)

Business Report

(January 1, 2020 to December 31, 2020)

I. Current Status of the Group

1. Business Progress and Results

General overview

The Group (the Company, AnGes, and three consolidated subsidiaries) obtained conditional and time-limited approval for the improvement of ulcers in chronic arterial occlusive disease in Japan in the previous fiscal year (FY2019), and it is marketing the HGF gene therapy product *Collatogene*[®] and conducting Phase III clinical trials for the improvement of rest pain to expand the product's indications in parallel. The Group began Phase IIb clinical trials in the U.S. targeting arteriosclerosis obliterans with lower limb ulcers. Phase Ib clinical trials for NF-κB decoy oligonucleotide for discogenic low back pain and Phase I/IIa clinical trials for a DNA vaccine to treat hypertension are ongoing overseas.

Furthermore, in March 2020, the Group started development of a prophylactic DNA vaccine targeting the novel coronavirus infection (COVID-19), and Phase II/III clinical trials are underway in Japan. In addition, Phase I clinical trials for AV-001, which is being co-developed with Canada-based Vasomune Therapeutics, Inc. (hereinafter referred to as "Vasomune") for the treatment of COVID-19 in healthy subjects, have been underway in the U.S. from December 2020.

In addition to these existing projects, the Company has made EmendoBio Inc. (hereinafter referred to as "Emendo"), which possesses novel genome editing technology and a development pipeline, a subsidiary to promote genome drug discovery. By expanding its development pipeline through joint development with strategic partners and capital participation in other companies, we aim to become a global leader in the field of gene medicine.

The Group records sales income from the HGF gene therapy product *Collatogene*[®] as net sales of finished goods. In addition, upfront payments and milestone payments from partner companies are recorded as research and development revenues.

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

As a result, in the fiscal year ended December 31, 2020, the Company recorded business revenues of 39 million yen (a decrease of 286 million yen (87.8%) year-on-year), ordinary loss of 6,618 million yen (ordinary loss of 3,293 million yen in the previous fiscal year), and loss attributable to owners of parent of 4,209 million yen (loss attributable to owners of parent of 3,750 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, we are engaged in the development of pharmaceuticals with a focus on gene therapy. In particular, with regard to COVID-19 that has been spreading since the end of 2019, we are pursuing development in and outside Japan based on two axes: prophylactic vaccines and therapeutic drugs. In the field of therapy using genome editing, which is the ultimate gene therapy, we have made Emendo, a company with the most advanced technology, a wholly owned subsidiary, and with its genome editing technology, we will develop drugs that can be delivered to patients for whom there has been no treatment.

The HGF gene therapy product *Collatogene*[®], which was commercialized in September 2019, is undergoing clinical trials in and outside Japan with the aim of expanding its indications and gaining approval in the U.S. We have also been active in out-licensing activities, and have concluded an exclusive marketing agreement with Er-Kim of Turkey. We are also continuing to develop NF-κB decoy oligonucleotide for discogenic low back pain and DNA vaccines to treat hypertension.

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

Status of Clinical Development Stages

■ Conditional and time-limited approval system

Project	Area	Partner	Indication	Development stage	Basic research	Preclinical study	Clinical trial		Application for approval	Conditional and time-limited approval	Launch - Distribution	Post-marketing surveys	Approval	On the market
							Phase I	Phase II						
HGF Gene Therapy Product	Japan	Mitsubishi Tanabe Pharma Corporation	Chronic arterial occlusive disease with lower limb ulcer	▶	▶	▶	▶	▶	▶	Approved	On sale	In progress		

■ Regular approval system

Project	Area	Partner	Indication	Development stage	Basic research	Preclinical study	Clinical trial			Review and approval	Launch - Distribution
							Phase I	Phase II	Phase III		
HGF Gene Therapy Product	Japan	Mitsubishi Tanabe Pharma Corporation	Chronic arterial occlusive disease with rest pain	▶	▶	▶	▶	▶	In progress		
HGF Gene Therapy Product	USA	Mitsubishi Tanabe Pharma Corporation	Chronic arterial occlusive disease with lower limb ulcer	▶	▶	▶	▶	Phase II b in progress			
NF-κB Decoy Oligonucleotide	USA	-	Chronic discogenic lumbar back pain	▶	▶	▶	Phase I b in progress				
Hypertension DNA Vaccine	Australia	-	Hypertension	▶	▶	▶	In progress				
Novel Coronavirus DNA Vaccine	Japan and overseas	-	COVID-19	▶	▶	▶	▶	In progress			
COVID-19 Treatment	USA	-	COVID-19	▶	▶	▶	In progress				

■ Novel coronavirus prophylactic DNA vaccine (in-house product)

Using plasmid DNA technology, the Company began development of a prophylactic vaccine targeting COVID-19 in collaboration with Osaka University in March 2020, and are currently conducting Phase II/III clinical trials.

■ COVID-19 treatment (Co-development- product)

The Company has entered into a joint development agreement with Vasomune, a Canadian biopharmaceutical company, for a drug for the treatment of diseases caused by vascular insufficiency such as acute respiratory failure, and we have been performing Phase I clinical trials of AV-001 for the treatment of COVID-19 in healthy subjects in the U.S. starting from December 2020.

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

With regard to the development of HGF gene therapy product for chronic arterial occlusive diseases, we have utilized the conditional and time-limited approval system (enacted in November 2014) for the early commercialization of regenerative medical products under the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (Pharmaceuticals and Medical Devices Act). In March 2019, we received conditional and time-limited approval for the improvement of ulcers in chronic arterial occlusive diseases as Japan's first gene therapy product, *Collategene*[®], which was launched on September 10, 2019.

Mitsubishi Tanabe Pharma Corporation (hereinafter referred to as "Mitsubishi Tanabe Pharma") and the Company have concluded an exclusive sales rights agreement for sales of HGF gene-therapy product *Collategene*[®] targeting peripheral arterial diseases in Japan and the U.S., with Mitsubishi Tanabe Pharma being in charge of sales and marketing of *Collategene*[®]. This approval is conditional and time-limited, and we will conduct post marketing surveillance by 2024 to obtain this approval. As for overseas development, we have been conducting Phase IIb clinical trials in the U.S. since January 2020 for the treatment of arteriosclerosis obliterans patients with lower limb ulcers.

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

In order to expand the indications for *Collategene*[®], a Phase III clinical trials started in Japan for chronic arterial occlusive disease patients who suffer pain when resting in October 2019.

■ NF-κB decoy oligonucleotide

<Target disease: Discogenic low back pain (in-house product)>

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

Regarding the other development of nucleic acid medicine decoy oligonucleotide, we have been conducting research on next generation of NF-κB decoy oligonucleotide, and making progress on a chimera decoy which acts to simultaneously suppress NF-κB and STAT6, two of the key transcription factors. Compared with decoy oligonucleotide which only targets NF-κB, it is expected that this decoy would have a wide range of effects by suppressing even more factors related to inflammation.

■ Hypertension DNA vaccine (in-house product)

In addition to gene therapy products and nucleic acid medicines, the Company focuses on the development of DNA vaccines as the third pillar of gene medicine and is developing a DNA vaccine to treat hypertension. The Company evaluated the initial results of the Phase I/IIa clinical trials conducted in Australia after injection, and confirmed that there were no serious adverse effects or safety issues, and that antibodies against angiotensin II were produced. The Company intends to continue conducting trials to evaluate the safety, immunogenicity, and efficacy of the vaccine.

New R&D Projects and New Business Projects

■ Development of gene therapy drugs using genome editing technology

In December 2020, the Company made an additional investment in Emendo, a company with advanced technology in genome editing and a development pipeline using this technology, and made it a wholly owned subsidiary, in order to take on the challenge of the treatment of genetic diseases using genome editing technology, which is said to be the ultimate gene therapy. Emendo's genome editing technology is an innovative and practical proprietary technology that enables highly efficient and accurate genome editing.

■ Disease prevention and health maintenance using the microbiome

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

■ Entry into the diagnostic business

In February 2020, the Company signed a joint research agreement with the Japanese Foundation for Cancer Research, with the aim of expanding its business base and early commercialization of a diagnostic technology which can quickly identify the optimal anticancer drug for each cancer patient that was developed by Barcode Diagnostics Ltd., an Israeli biotechnology company.

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

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

Project name	Details of the partnership	Partner
Microbiome—cultivation and formulation of indigenous bacteria	Capital partnership	MyBiotics Pharma (Israel)
Research on diagnostic technologies that identify effective anticancer agents		Barcode Diagnostics (Israel)
Novel coronavirus disease (COVID-19) and acute respiratory distress syndrome (ARDS)	Joint development	Vasomune Therapeutics (Canada)
DNA vaccine and others	Capital partnership	Brickell Biotech (U.S.) merged with Vical

2. Overview of Capital Investments

The total amount of capital investment made during the fiscal year under review was 348 million yen. This was mainly due to investment in R&D facilities.

3. Overview of Financing

In March 2020, the Company issued the 37th series of share acquisition rights (third-party allotment) to Phillip Securities Japan, Ltd., and all the rights were exercised by April 2020, raising 11,469 million yen for the fiscal year under review.

4. Issues to be Addressed

As a drug-discovery bio-venture, the Group is engaged in the development, manufacturing, and marketing of pharmaceuticals, including next-generation biopharmaceuticals such as gene medicine (DNA plasmid drugs and nucleic acid medicines) and therapeutic vaccines. In addition, since FY2020, the Group has been expanding its development pipeline by developing prophylactic DNA vaccines against COVID-19 and other products, and it 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.

In this environment, the Group is working on the following important issues for its continuous development.

(1) Progressing own existing projects

In March 2019, the Group obtained conditional and time-limited approval from the Ministry of Health, Labour and Welfare for the manufacturing and sale of *Collategene*[®], as Japan's first gene therapy product, and sales began in September 2019. The Group is currently conducting post marketing surveillance, and progressing clinical trials in Japan to expand the indication of *Collategene*[®] and clinical trials in the U.S. targeting arteriosclerosis obliterans. The Group is also engaged in three projects overseas, including a nucleic acid medicine, NF-κB decoy oligonucleotide for discogenic low back pain and the DNA vaccine for hypertension. We believe that our top priority is to ensure that these projects are carried out.

(2) Expansion of development pipeline and business base

In response to the global spread of COVID-19, the Group began development of a DNA vaccine for prophylactic use in March 2020, and is currently conducting Phase II/III clinical trials. In addition, by making Emendo, a company with advanced technology in genome editing, a wholly owned subsidiary, the Group will take on the global challenge of the treatment using genome editing technology, which is said to be the ultimate gene therapy. We aim to become a global leader in the world 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 business partnerships to secure drug discovery platform technologies, gaining capital participation of other companies, and acquiring other companies.

(3) Securing alliance partners for development projects

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

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

(4) Capital raising

For the Group, it is important to promote R&D activities and expansion of our business base for continuous development, and for this purpose, it is necessary to raise funds flexibly according to the situation. On March 4, 2020, the Company issued the 37th series of share acquisition rights (third-party allotment) to Phillip Securities Japan, Ltd., and all the rights were exercised by April 2020, raising 11,469 million yen for the fiscal year under review. The Company will continue to consider the possibility of raising capital as necessary to perform R&D activities and maintain the company.

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

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

(In thousands of yen, unless otherwise specified.)

Category	The 19th fiscal year ended December 31, 2017	The 20th fiscal year ended December 31, 2018	The 21st fiscal year ended December 31, 2019	The 22nd fiscal year ended December 31, 2020 (Fiscal year under review)
Business revenues	365,183	610,050	326,759	39,998
Ordinary loss	(3,307,139)	(3,096,213)	(3,293,214)	(6,618,353)
Loss attributable to owners of parent	(3,764,699)	(2,996,629)	(3,750,823)	(4,209,511)
Net loss per share (yen)	(49.38)	(34.46)	(35.81)	(35.33)
Total assets	3,963,609	8,050,672	12,524,600	38,354,611
Total net assets	3,621,881	7,734,459	12,055,351	32,679,675

(Notes)

1. Net loss per share is calculated based on the average number of shares outstanding during the period.
2. Business revenues, ordinary loss, net loss attributable to owners of parent, total assets, and total net assets are rounded down to the nearest thousand yen, and net loss per share is rounded to the nearest display unit.

6. Status of Important Parent Companies and Subsidiaries

1) Status of important subsidiaries

Name of company	Capital	Share of voting rights	Main business activities
AnGes USA, Inc.	USD thousand 400	100.0%	Development of gene medicines and other medicines in the U.S.
EmendoBio Inc.	USD thousand 37,425	100.0%	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 39 million yen (a decrease of 87.8% year-on-year), and loss attributable to owners of parent was 4,209 million yen (loss attributable to owners of parent of 3,750 million yen in the previous fiscal year).

7. Principal Business (as of December 31, 2020)

- 1) R&D of an HGF gene therapy product
- 2) R&D of NF- κ B decoy oligonucleotide (nucleic acid medicine)
- 3) R&D of DNA vaccine for hypertension
- 4) R&D of a prophylactic DNA vaccine targeting COVID-19 and a COVID-19 treatment
- 5) Development of products for gene therapy using genome editing technologies
- 6) R&D of other pipelines

8. Principal Business Locations (as of December 31, 2020)

1) The Company's principal business locations

Head Office: Ibaraki-shi, Osaka

Tokyo Office: Minato-ku, Tokyo

2) Principal business locations of subsidiaries

AnGes USA, Inc.: Maryland, USA

EmendoBio Inc.: New York, USA

9. Status of Employees (as of December 31, 2020)

1) Status of employees of the Group

Number of employees	Change from the end of the previous fiscal year
90	+54

(Notes)

1. The number of employees is the number of employees working full-time, and does not include employees on leave of absence and five temporary employees (average number of employees per year).
2. The increase in the number of employees compared to the end of the previous fiscal year was due to the addition of employees of Emendo, which became a subsidiary.

2) Status of employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average continuous years of employment
34	+1	52.4 years old	7 years and 5 months

(Note)

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

II. Status of Shares (as of December 31, 2020)

1. Total Number of Shares Authorized to be Issued **250,000,000 shares**
2. Total Number of Shares Issued **133,059,400 shares**
(including 91 shares of treasury stock)
3. Number of Shareholders **122,039 persons**

4. Major Shareholders

Name of shareholders	Number of shares held (shares)	Shareholding ratio (%)
MLPFS CUSTODY ACCOUNT	6,610,215	4.96
MORGAN STANLEY SMITH BARNEY LLC CLIENTS FULLY PAID SEG ACCOUNT	2,738,938	2.05
Shionogi & Co., Ltd.	1,186,800	0.89
J.P. MORGAN BANK LUXEMBOURG S.A.381572	752,100	0.56
Ryuichi Morishita	691,600	0.51
Custody Bank of Japan, Ltd.	483,600	0.36
Nomura Securities Co., Ltd.	467,719	0.35
SBI Securities Co., Ltd.	376,510	0.28
Naoki Magaribuchi	330,000	0.24
J.P. Morgan Securities plc Director Andrew J. Cox	290,179	0.21

(Note)

The shareholding ratio is calculated excluding the number of treasury stock (91 shares) and rounded down to the nearest display unit.

III. Status of Company Officers

1. Status of Members of the Board and Corporate Auditors (as of December 31, 2020)

Position	Name	Responsibilities or significant concurrent positions
President and Chief Executive Officer	Ei Yamada	Corporate Officer CEO, AnGes USA, Inc. External Member of the Board, Emendo Biotherapeutics Inc. External Board Member, MyBiotics Pharma Ltd. External Board Member, Barcode Diagnostics Ltd. Outside Director, FunPep Co., Ltd.
Member of the Board	Norikazu Eiki	Outside Director, Towa Pharmaceutical Co., Ltd. External Director, Solasia Pharma K.K. External Board Director, Gene Techno Science Co., Ltd.
Member of the Board	Junichi Komamura	External Director, Nippon Pillar Packing co., Ltd. External Director, Tokai Trading Co., Ltd.
Member of the Board	Makoto Hara	
Member of the Board	Kazuo Suzuki	Corporate Officer, Director of Corporate Development, Director of Drug Discovery
Member of the Board	Tetsuharu Yoneo	CFO
Standing Corporate Auditor	Katsunori Horikoshi	
Corporate Auditor	Akihiro Narimatsu	
Corporate Auditor	Tadashi Hishida	External Corporate Auditor, CellAxia Inc.

(Notes)

- Messrs. Norikazu Eiki, Junichi Komamura and Makoto Hara are External Directors as stipulated in Article 2, Item 15 of the Companies Act.
- Messrs. Katsunori Horikoshi, Akihiro Narimatsu and Tadashi Hishida are External Corporate Auditors as stipulated in Article 2, Item 16 of the Companies Act.
- The Company has designated and registered Messrs. Norikazu Eiki, Junichi Komamura and Makoto Hara as Independent Directors as stipulated by the Tokyo Stock Exchange.
- The Company has designated and registered Messrs. Katsunori Horikoshi, Akihiro Narimatsu and Tadashi Hishida as Independent Corporate Auditors as stipulated by the Tokyo Stock Exchange.
- Messrs. Kazuo Suzuki and Tetsuharu Yoneo were newly elected and assumed office as Members of the Board at the 21st Annual General Meeting of Shareholders held on March 27, 2020.

2. Total Amount of Remuneration, etc. for Members of the Board and Corporate Auditors

Category	Officers receiving payments	Total by type of remuneration, etc. (Thousands of yen)		Total payment amount (Thousands of yen)
		Basic remuneration	Stock options	
Members of the Board (External Directors)	6 (3)	69,476 (17,550)	6,754 (2,533)	76,231 (20,083)
Corporate Auditors (External Corporate Auditors)	3 (3)	26,655 (26,655)	— —	26,655 (26,655)
Total (External Directors and Corporate Auditors)	9 (6)	96,132 (44,205)	6,754 (2,533)	102,887 (46,738)

(Notes)

1. It was resolved that the limit on remuneration for Members of the Board would be up to an annual amount of 200,000 thousand yen at the Inaugural General Meeting held on December 17, 1999.
2. It was resolved that the limit on remuneration for Corporate Auditors would be up to an annual amount of 60,000 thousand yen at the Inaugural General Meeting of Founders held on December 17, 1999.
3. Stock options are stock remuneration-type stock options (share acquisition rights) allocated to Members of the Board (including External Directors) of the Company as remuneration upon retirement, which were resolved to be issued at the Board of Directors meeting held on April 22, 2019 and are separated from the limit on remuneration for Members of the Board. The amount recorded as expenses for the fiscal year under review is shown.
4. The Company has six Members of the Board (three External Directors) and three Corporate Auditors (three External Corporate Auditors) as of the end of the fiscal year under review.

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. 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 a company where a concurrent position is held

Category	Name	Important concurrent position	Relationship with a company where a concurrent position is held
Member of the Board	Norikazu Eiki	Outside Director, FunPep Co., Ltd. Outside Director, Towa Pharmaceutical Co., Ltd. External Director, Solasia Pharma K.K. External Board Director, Gene Techno Science Co., Ltd.	There is no significant relationship between the Company and the company where a concurrent position is held.
Member of the Board	Junichi Komamura	External Director, Nippon Pillar Packing co., Ltd. External Director, Tokai Trading Co., Ltd.	There is no significant relationship between the Company and the company where a concurrent position is held.
Corporate Auditor	Tadashi Hishida	External Corporate Auditor, CellAxia Inc.	There is no significant relationship between the Company and the company where a current position is 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 15 out of 15 meetings of the Board of Directors held during the fiscal year under review, and made comments as necessary based on his extensive experience as a manager of companies mainly involved in the pharmaceutical business.
- Junichi Komamura, Member of the Board
He attended 15 out of 15 meetings of the Board of Directors held during the fiscal year under review, and made comments as necessary based on his extensive experience as a manager of companies mainly involved in the pharmaceutical business.
- Makoto Hara, Member of the Board
He attended 15 out of 15 meetings of the Board of Directors held during the fiscal year under review, and made comments as necessary based on his extensive experience as a manager of companies mainly involved in the pharmaceutical business.
- Katsunori Horikoshi, Standing Corporate Auditor
He attended 15 out of 15 meetings of the Board of Directors held during the fiscal year under review. In addition, he attended 15 out of 15 meetings of the Board of Corporate Auditors held during the fiscal year under review. He has made comments as necessary, mainly based on his extensive experience in the pharmaceutical industry.
- Akihiro Narimatsu, Corporate Auditor
He attended 15 out of 15 meetings of the Board of Directors held during the fiscal year under review. In addition, he attended 15 out of 15 meetings of the Board of Corporate Auditors held during the fiscal year under review. He has made comments as necessary, mainly based on his extensive experience in the pharmaceutical industry.
- Tadashi Hishida, Corporate Auditor
He attended 15 out of 15 meetings of the Board of Directors held during the fiscal year

under review. In addition, he attended 15 out of 15 meetings of the Board of Corporate Auditors held during the fiscal year under review. He has made comments as necessary, mainly based on his extensive experience in the pharmaceutical industry.

(4) Total amount of remuneration, etc.

46,738,000 yen

People receiving a payment: 6

IV. Status of Accounting Auditor

1. Accounting Auditor's Name

Deloitte Touche Tohmatsu LLC

2. Amount of Remuneration, etc.

	Payment amount
Amount of remuneration based on the services provided under Article 2, Paragraph 1 of the Certified Public Accountants Act	32,000 thousand yen
Total amount of money and other financial benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	34,500 thousand yen

(Notes)

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

3. Details of Non-audit Services

The Company's non-audit services include advice and guidance on International Financial Reporting Standards (IFRS).

4. 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.

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

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

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

V. Systems and Policies of the Company

1. Systems to Ensure the Appropriateness of Operations

- (1) System to ensure the compliance of officers 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 the officers 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 officers and employees in connection with their duties, regulations on the trading of shares, etc. and other transactions by officers and employees, and basic matters to be observed by officers 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 officers and employees.
 - 3) The Board of Directors shall review the risk management system annually.

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

The officers 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 officers and employees of subsidiaries.
 - 4) System for reporting to the Company on matters related to the execution of duties by officers 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 officers and employees of the Company to report to Corporate Auditors
Officers 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 officers and employees, as necessary, on matters deemed necessary in the performance of their duties.
 - 2) Systems for reporting to Corporate Auditors by officers and employees of subsidiaries or persons who receive reports from these persons
Officers 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 officers and employees. In addition, the Corporate Auditors may request the Members of the Board to disclose the reasons for the personnel evaluation and disciplinary action of the officers 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) Officers and employees shall cooperate with the development of an audit environment to facilitate the smooth implementation of activities by Corporate Auditors, such as the inspection of important documents, on-site investigations, exchange of opinions with Members of the Board and others, and investigations of subsidiaries, which are necessary for the audits of Corporate Auditors.
 - 3) Corporate Auditors may receive advice on audits from attorneys, certified public accountants and others when deemed necessary in conducting audits.

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

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

Status of compliance initiatives

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

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

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

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

The Board of Directors consists of six Members, including three External Directors, and is attended by three Corporate Auditors (all of whom are External Corporate Auditors). The Board of Directors meet 15 times to deliberate on each agenda item, supervise the status of business execution, etc., and actively exchanged opinions, thus ensuring the effectiveness of decision-making and supervision.

Status of initiatives for managing the risk of loss

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

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

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

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

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

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

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

3. Basic Policy on Control of Stock Company

Not applicable.

(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.)

Financial Statements

Consolidated Balance Sheets

(As of December 31, 2020)

(In thousands of yen)

Account item	Amount	Account item	Amount
Assets		Liabilities	
Current assets	14,166,633	Current liabilities	5,589,864
Cash and deposits	11,537,028	Accounts payable - trade	514,132
Accounts receivable - trade	12,698	Accounts payable - other	1,231,384
Finished goods	49,839	Accrued expenses	68,941
Raw materials and supplies	1,141,460	Income taxes payable	165,481
Advance payments - trade	1,060,197	Advances received	3,594,532
Prepaid expenses	38,693	Deposits received	15,393
Consumption taxes receivable	280,309		
Other	46,405	Non-current liabilities	85,072
		Deferred tax liabilities	39,314
Non-current assets	24,187,977	Asset retirement obligations	45,757
Property, plant and equipment	236,098		
Buildings	118,299	Total liabilities	5,674,936
Tools, furniture and fixtures	117,799		
		Net assets	
Intangible assets	22,713,938	Shareholders' equity	32,724,444
Goodwill	22,713,938	Share capital	24,612,076
		Capital surplus	22,756,406
Investments and other assets	1,237,940	Retained earnings	(14,644,009)
Investment securities	1,075,199	Treasury shares	(30)
Leasehold and guarantee deposits	83,177		
Deferred tax assets	10,568	Accumulated other comprehensive income	(187,277)
Other	68,994	Valuation difference on available-for-sale securities	59,194
		Foreign currency translation adjustment	(246,472)
		Share acquisition rights	142,508
		Total net assets	32,679,675
Total assets	38,354,611	Total liabilities and net assets	38,354,611

Consolidated Statements of Operations

(January 1, 2020 - December 31, 2020)

(In thousands of yen)

Account item	Amount	
Business revenues		
Net sales of finished goods	39,998	39,998
Business expenses		
Cost of sales	23,020	
Research and development expenses	3,796,139	
Selling, general and administrative expenses	1,820,230	5,639,390
Operating loss		5,599,392
Non-operating income		
Interest income	6,044	
Commission income	11,482	
Insurance claim income	5,342	
Gain on investments in investment partnerships	1,412	
Miscellaneous income	290	24,572
Non-operating expenses		
Interest expenses	12,344	
Share issuance costs	117,708	
Share of loss of entities accounted for using equity method	909,150	
Foreign exchange losses	3,522	
Subscription rights to shares issuance cost	806	1,043,533
Ordinary loss		6,618,353
Extraordinary income		
Gain on reversal of share acquisition rights	5,418	
Gain on step acquisitions	2,428,207	2,433,625
Extraordinary losses		
Loss on change in equity	20,222	20,222
Loss before income taxes		4,204,950
Income taxes - current	6,725	
Income taxes - deferred	(2,164)	4,560
Loss		4,209,511
Loss attributable to owners of parent		4,209,511

Non-Consolidated Balance Sheets

(As of December 31, 2020)

(In thousands of yen)

Account item	Amount	Account item	Amount
Assets		Liabilities	
Current assets	15,302,599	Current liabilities	4,708,627
Cash and deposits	10,536,410	Accounts payable - trade	488,547
Accounts receivable - trade	12,698	Accounts payable - other	438,772
Finished goods	49,839	Accrued expenses	5,901
Raw materials and supplies	1,141,460	Income taxes payable	165,481
Advance payments - trade	1,060,197	Advances received	3,594,532
Prepaid expenses	32,246	Deposits received	15,393
Consumption taxes receivable	280,309		
Short-term loans receivable from subsidiaries and associates	2,163,150	Non-current liabilities	82,723
Other	26,287	Deferred tax liabilities	36,965
		Asset retirement obligations	45,757
Non-current assets	18,845,077		
Property, plant and equipment	125,447	Total liabilities	4,791,351
Buildings	114,439		
Tools, furniture and fixtures	11,007	Net assets	
		Shareholders' equity	29,154,623
Investments and other assets	18,719,630	Share capital	24,612,076
Investment securities	161,340	Capital surplus	20,426,698
Shares of subsidiaries and associates	18,412,701	Legal capital surplus	20,426,698
Long-term prepaid expenses	5,394	Retained earnings	(15,884,121)
Leasehold and guarantee deposits	76,594	Other retained earnings	(15,884,121)
Other	63,600	Retained earnings brought forward	(15,884,121)
		Treasury shares	(30)
		Valuation and translation adjustments	59,194
		Valuation difference on available-for-sale securities	59,194
		Share acquisition rights	142,508
		Total net assets	29,356,326
Total assets	34,147,677	Total liabilities and net assets	34,147,677

Non-Consolidated Statements of Operations

(January 1, 2020 - December 31, 2020)

(In thousands of yen)

Account item	Amount	
Business revenues		
Net sales of finished goods	39,998	39,998
Business expenses		
Cost of sales	23,020	
Research and development expenses	3,818,681	
Selling, general and administrative expenses	1,410,429	5,252,131
Operating loss		5,212,132
Non-operating income		
Interest income	2,745	
Interest on securities	3,291	
Commission income	11,482	
Insurance claim income	5,342	
Gain on investments in investment partnerships	1,412	
Miscellaneous income	290	24,564
Non-operating expenses		
Interest expenses	12,344	
Share issuance costs	117,708	
Subscription rights to shares issuance cost	806	
Foreign exchange losses	154	131,014
Ordinary loss		5,318,582
Extraordinary income		
Gain on reversal of share acquisition rights	5,418	5,418
Loss before income taxes		5,313,164
Income taxes - current		4,874
Loss		5,318,038

Independent Auditor's Report

(English Translation)

February 24, 2021

To the Board of Directors
AnGes, Inc.

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

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheets, the consolidated statements of operations, the consolidated statements of changes in net assets and the notes to the consolidated financial statements of AnGes, Inc. (the "Company") for the fiscal year from January 1, 2020 through December 31, 2020.

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

Basis for the Opinion

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

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

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

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

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

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

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

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

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

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

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

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

Interest

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

Independent Auditor's Report

(English Translation)

February 24, 2021

To the Board of Directors
AnGes, Inc.

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

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheets, the statements of operations, the statements of changes in net assets and the related notes, and the accompanying supplementary schedules of AnGes, Inc. (the "Company") for the 22nd fiscal year from January 1, 2020 through December 31, 2020.

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, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

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

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

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

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

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

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

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

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

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

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

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

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

Interest

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

Audit Report

(English Translation)

The Board of Corporate Auditors, upon deliberation, prepared this audit report regarding the execution of duties by the Directors for the 22nd fiscal year from January 1, 2020 through December 31, 2020, 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.

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

2. Results of Audit

- (1) Results of audit of the business report, etc.
 - (i) We acknowledge that the business reports and the accompanying supplementary schedules fairly present the status of the Company in conformity with the laws and regulations and the Articles of Incorporation.
 - (ii) We acknowledge that no misconduct or material fact in violation of any law or regulation or the Articles of Incorporation was found with respect to the execution of duties by the Directors.

- (iii) We acknowledge that the Board of Directors' resolutions pertaining to the internal control system are appropriate. In addition, we did not find any matter to be pointed out concerning the content described in the business report and execution of duties by the Directors concerning the internal control system, including the internal control system related to financial reporting.
- (2) Results of audit of financial statements and the accompanying supplementary schedules
We acknowledge that the methods and results of audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.
- (3) Results of audit of consolidated financial statements
We acknowledge that the methods and results of audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

February 24, 2021

Board of Corporate Auditors, AnGes, Inc.

Standing Corporate Auditor	Katsunori Horikoshi	(seal)
Corporate Auditor	Akihiro Narimatsu	(seal)
Corporate Auditor	Tadashi Hishida	(seal)

(Note) Standing Corporate Auditor Katsunori Horikoshi, Corporate Auditor Akihiro Narimatsu, and Corporate Auditor Tadashi Hishida are External Corporate Auditors as stipulated in Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.