



September 26, 2022

Company Name: AnGes Inc.

Stock Code: 4563, TSE Growth

Representative: Ei Yamada, President & CEO

Notice Regarding Recording of Non-Operating Income and Extraordinary Losses

AnGes, Inc. (hereinafter referred to as "the Company") announces that it has decided to record non-operating income and extraordinary losses in the first nine months of the fiscal year 2022 (January 1, 2022, to September 30, 2022) as follows:

1. Recording of Non-Operating Income

(1) Subsidy income

Based on the research and development outsourcing agreement for Vaccine Development for the Novel Coronavirus Infection (COVID-19), which is a drug development support and promotion project adopted by the Japan Agency for Medical Research and Development (AMED), the Company receives subsidies in compensation for its development costs. Based on this agreement, the Company has already received payment from AMED, but in regard to the payment for the fiscal year 2021, the screening to ensure the proper implementation of the agreement had not been completed as of the end of the fiscal year 2021, so the payment has been recorded as advances received. During the first nine months of the fiscal year 2022, the Company was notified of the final screening results for the fiscal year 2021. Therefore, the Company transferred the costs of outsourced research and development for the fiscal year 2021 from advances received to non-operating income and recorded 118,181 thousand yen as subsidy income.

In addition, Vasomune Therapeutics, Inc., a Canadian bio-pharmaceutical company with which the Company has entered into a joint development agreement, received subsidies from the Canadian government and the U.S. Defense Department for its continuing development of AV-001, which is this company's primary candidate drug targeting COVID-19, and the Company received a portion of the subsidies according to the contribution percentage of its development costs and recorded 251,760 thousand yen as subsidy income.

As a result, total subsidy income amounted to 369,942 thousand yen.

2. Extraordinary Losses

(1) Impairment loss

With regard to non-current assets held by the Company, as a result of the comparative review of the investment amount and its collectability throughout the investment period based on the Accounting Standards Concerning the Impairment of Non-Current Assets, the Company has decided to record an impairment loss (extraordinary loss) of 104,800 thousand yen relating to the non-current assets of the Drug Development Business.

(2) Loss on the valuation of investment securities

As the market prices of the investment securities held by the Company have significantly declined below their book values, the Company has recorded a loss on the valuation of investment securities of 6,048 thousand yen.

This document has been prepared solely for information purposes relating to the Company's 42nd Issuance of Stock Acquisition Rights, and constitutes neither investment advice nor an offer or solicitation of an offer to invest.

3. Future Outlook

As for the financial forecast for the fiscal year 2022, a portion of the subsidy for the COVID-19 vaccine development may be recognized as non-operating income in the next fiscal year, and it is difficult to record it as subsidy income in the fiscal year 2022 at this point in time. Therefore, the Company has decided to postpone the disclosure of the forecast of financial results for the full fiscal year 2022.

However, the Company will promptly disclose such information as soon as a reasonable calculations becomes possible, taking into consideration the future progress of the business.