



March 14, 2024

Company Name: AnGes Inc.

Presentative: Ei Yamada, President & CEO

## **Notice of Business Reorganization at Consolidated Subsidiaries**

AnGes Inc. hereby announce that we have decided to proceed with the reorganization of the business of our consolidated subsidiary EmendoBio Inc. ("EmendoBio"), which we announced on January 29, 2024.

### **1. Reason for business reorganization**

EmendoBio's Israeli subsidiary, Emendo Research and Development Ltd.\*2 ("Emendo R&D"), has been developing a technological platform to search for and optimize highly accurate nucleases, which are essential for the safe medical application of genome editing, and preparing for clinical trials, which is engaged in the development of technological platforms for searching and optimizing highly accurate nucleases essential for safe medical applications of genome editing, and the preparation of clinical trials. Genome-editing therapies are expected to enable the treatment of diseases for which there have been no treatments to date, and there are high expectations for their research and development. EmendoBio is developing a number of proprietary OMNI nucleases that avoid the "off-target effect," which is a challenge for genome editing therapies and causes cleavage at locations other than those targeted, and has developed a number of proprietary nucleases that are less likely to cause "off-target effects. And as a pioneering application of this OMNI nuclease in clinical trials, we have been preparing for a clinical trial of ELANE-related severe congenital neutropenia in the United States.

Emendo R&D has been engaged in a labor-intensive search and optimization process for the development of its proprietary OMNI nuclease, but has recently been considering a shift to a knowledge-intensive R&D structure that utilizes artificial intelligence, especially machine learning, based on the large amount of data accumulated to date.

Based on such a review of our R&D strategy and taking into consideration the geopolitical risks that have emerged as a result of the outbreak of conflict in the Gaza Strip in October 2023, we have recently decided to reorganize our R&D structure as follows.

Until now, Emendo's business has focused on the production of its proprietary OMNI nuclease and pre-clinical research for pipeline projects that utilize it, but now that some projects are entering the commercialization phase and others are preparing for clinical trials, this business reorganization will enable the company to However, as we are now entering the commercialization phase and some projects are preparing for clinical trials, this reorganization will enable us to shift to a structure that can accelerate clinical development and out-licensing activities in the U.S. while continuing the development of the OMNI platform at Emendo R&D. As a first example of our out-licensing activities, we have signed a license agreement for OMNI nuclease with Anocca of Sweden.

As described above, since our business activities will be centered on clinical development and out-licensing activities, our company, which has abundant experience and track record in these operations, will take the lead in the management of the company.



## 2. Outline of Business Reorganization

First, Naoya Sato, a director of AnGes, will replace David Baram as CEO of EmendoBio.

In addition, we have already dispatched personnel to the U.S. to begin building a U.S. R&D structure. Furthermore, we are accelerating our business development activities through alliances with U.S. consultants who have extensive experience in licensing activities in the United States. On the other hand, the Emendo R&D structure in Israel will be reduced to about 30 employees, including the production department, which will become the core of OMNI nuclease development, as the OMNI platform development structure shifts from a labor-intensive to a knowledge-intensive structure.

The scale of the reduction in employees resulting from this reorganization is as follows.

(1)	Number of employees scheduled to retire	75 (Number of employees as of December 31, 2023: 105)
(2)	Retired for a predetermined period of time	3rd quarter of 2024
(3)	Date of retirement	At any time up to the above dates by agreement with the employee.

The number of employees scheduled to retire above is subject to change based on future negotiations.

## 3. Future Outlook

In addition to the business restructuring expenses of 904 million yen incurred in FY2023 and 146 million yen expected to be incurred in the current fiscal year, as disclosed in the "Significant Subsequent Events" section of the financial report released on February 22, 2024, we expect to incur new expenses of 140 million yen as retirement allowances. The Company expects to incur ¥140 million in new expenses for retirement allowances. However, such costs may vary depending on future negotiations.

Since the Company will review expenses and other items in response to the 140 million yen in severance payments incurred this time, there is no change in the consolidated earnings forecast for the fiscal year ending December 31, 2024.