



October 17, 2022

FunPep Co., Ltd.

Notice of Business Transfer to Consolidated Subsidiary

FunPep Co., Ltd. ("FunPep") hereby gives notice that our Board of Directors resolved on October 17, 2022, to transfer the business of selling functional peptides in the cosmetics field, etc. (hereinafter referred to as "Cosmetics Business, etc.") to our consolidated subsidiary, AA Peptide Company Limited ("AAP"), effective December 1, 2022.

The FunPep made AAP a wholly owned subsidiary of FunPep through a share exchange on October 1, 2022.

FunPep has been focusing mainly on research and development of pharmaceuticals, and its previously developed functional peptide SR-0379 is currently undergoing Phase III clinical trials in Japan for skin ulcers. Furthermore, through drug discovery research using our proprietary functional peptide AJP001, our R&D pipeline of antibody-inducing peptides is expanding.

Furthermore, AAP is developing its business mainly in the field of cosmetics, and its functional short peptide (OSK9) with anti-aging functions is used as a beauty ingredient in the cosmetics of a major high-end cosmetics manufacturer.

In light of these two companies' business activities, FunPep has decided to transfer our Cosmetics Business etc. to AAP to focus on the pharmaceutical business. AAP will specialize in the non-pharmaceutical Cosmetics Business etc. This clarifies the division of roles within the group and further enables FunPep to expand its business.