

Consolidated Financial Report for the Fiscal Year Ended December 31, 2018 (Unaudited)(Japan GAAP) AnGes, Inc. <https://www.anges.co.jp/>

Listings: Mothers of the Tokyo Stock Exchange, Code 4563
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(Figures are rounded down to the nearest million yen)

1. Business Results for the Fiscal Year 2018 (From Jan. 1, 2018 to Dec. 31, 2018)

(1) Results of Operations (Percentages indicate changes from the same period of the previous fiscal year)

	Revenues		Operating loss		Ordinary loss		Net loss	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2018	610	67.1	(3,065)	—	(3,096)	—	(2,996)	—
FY 2017	365	(29.0)	(3,288)	—	(3,307)	—	(3,764)	—

*Comprehensive Income FY 2018 : (3,166) million yen FY 2017 : (3,434) million yen

	Net loss per share	Diluted net loss per share	Return on Equity	Return on asset	Operating profit ratio
	Yen	Yen	%	%	%
FY 2018	(34.46)	—	(54.2)	(51.5)	(502.5)
FY 2017	(49.38)	—	(104.1)	(77.8)	(900.6)

*Equity in net income of affiliates FY 2018 : — million yen FY 2017 : — million yen

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Dec. 31, 2018	8,050	7,734	95.4	78.38
Dec. 31, 2017	3,963	3,621	85.1	42.29

*Shareholder's equity Dec. 31, 2018 : 7,680 million yen Dec. 31, 2017 : 3,371 million yen

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, at end
	Million yen	Million yen	Million yen	Million yen
FY 2018	(2,522)	(122)	7,283	5,784
FY 2017	(2,991)	227	2,916	1,147

2. Dividend

	Dividend per share					Dividend (Total)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q	2Q	3Q	4Q	Full-year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2017	—	0.00	—	0.00	0.00	—	—	—
FY 2018	—	0.00	—	0.00	0.00	—	—	—
FY 2019 (Forecast)	—	0.00	—	0.00	0.00	—	—	—

3. Earnings Forecast for the Fiscal Year 2019 (From Jan. 1, 2019 to Dec. 31, 2019)

	Revenues		Operating loss		Ordinary loss		Net loss		Net loss per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	335	(45.1)	(2,800)	—	(2,800)	—	(2,800)	—	(28.58)

Notes:

- (1) Change of reporting entities (change of condition of significant consolidated subsidiaries) : None
 (2) Accounting procedure peculiar to the quarterly consolidated financial statements : None
 (3) Change of significant accounting and reporting policies for consolidated financial statements
 1) Changes caused by revision of accounting standard : None
 2) Changes in accounting policies other than 1) : None
 3) Changes in accounting estimates : None
 4) Restatement : None

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding (including treasury shares)	Dec. 31, 2018	97,981,061 shares	Dec. 31, 2017	79,724,261 shares
2) Number of treasury shares	Dec. 31, 2018	83 shares	Dec. 31, 2017	83 shares
3) Average number of shares issued and outstanding	FY 2018	86,957,830 shares	FY 2017	76,238,320 shares

(Reference) Summary of Nonconsolidated Financial Reports

1. Business Results for the Fiscal Year 2018 (From Jan. 1, 2018 to Dec. 31, 2018)

(1) Results of Operations (Percentages indicate changes from the previous term)

	Revenues		Operating loss		Ordinary loss		Net loss	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2018	610	67.1	(3,079)	—	(3,103)	—	(3,015)	—
FY 2017	365	(29.0)	(3,328)	—	(3,349)	—	(3,777)	—

	Net loss per share	Diluted net loss per share
	Yen	Yen
FY 2018	(34.67)	—
FY 2017	(49.55)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Dec. 31, 2018	7,939	7,619	95.3	77.21
Dec. 31, 2017	3,861	3,522	84.7	41.05

*Shareholder's equity Dec. 31, 2018 : 7,565 million yen Dec. 31, 2017 : 3,272 million yen

*Performance forecasts or any other future events contained in this report are based on currently available information which are believed to be reasonable at the time of forecasts. Actual results may differ from the forecasts due to various factors.
 **This financial report has been translated from Japanese original which has been prepared in accordance with generally accepted accounting principles in Japan, for reference purposes only. Also some changes are added to this report in order to present in a form more familiar to the readers outside Japan.

AnGes, Inc
Consolidated Balance Sheets
(In thousands of yen)
(Unaudited)

	December 31, 2017	December 31, 2018
Assets		
Current assets		
Cash and deposits	1,147,753	5,784,894
Accounts receivable - trade	142,694	257,484
Merchandise	129,371	83,746
Raw materials and supplies	1,443,338	923,644
Advance payments - trade	422,298	366,086
Prepaid expenses	36,881	28,277
Consumption taxes receivable	92,210	73,041
Other	19,054	24,994
Total current assets	<u>3,433,602</u>	<u>7,542,170</u>
Non-current assets		
Property, plant and equipment		
Buildings	50,699	48,855
Accumulated depreciation	(50,699)	(5,442)
Buildings, net	-	43,412
Tools, furniture and fixtures	224,540	141,478
Accumulated depreciation	(224,540)	(137,462)
Tools, furniture and fixtures, net	-	4,016
Total property, plant and equipment	-	47,429
Investments and other assets		
Investment securities	471,063	401,068
Lease and guarantee deposits	51,176	56,994
Other	7,766	3,009
Total investments and other assets	<u>530,006</u>	<u>461,072</u>
Total non-current assets	<u>530,006</u>	<u>508,502</u>
Total assets	<u>3,963,609</u>	<u>8,050,672</u>

AnGes, Inc
Consolidated Balance Sheets
(In thousands of yen)
(Unaudited)

	December 31, 2017	December 31, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	200,997	112,925
Accounts payable - other	85,234	97,803
Accrued expenses	8,229	16,487
Income taxes payable	11,647	53,253
Advances received	686	686
Deposits received	10,765	10,475
Total current liabilities	<u>317,561</u>	<u>291,631</u>
Non-current liabilities		
Deferred tax liabilities	1,269	1,695
Asset retirement obligations	22,897	22,885
Total non-current liabilities	<u>24,166</u>	<u>24,581</u>
Total liabilities	<u>341,727</u>	<u>316,213</u>
Net assets		
Shareholders' equity		
Capital stock	5,658,349	9,395,825
Capital surplus	1,472,971	5,210,447
Retained earnings	(3,684,699)	(6,681,328)
Treasury shares	(24)	(24)
Total shareholders' equity	<u>3,446,597</u>	<u>7,924,919</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(80,833)	(248,480)
Foreign currency translation adjustment	5,986	3,729
Total accumulated other comprehensive income	<u>(74,846)</u>	<u>(244,750)</u>
Share acquisition rights	250,130	54,289
Total net assets	<u>3,621,881</u>	<u>7,734,459</u>
Total liabilities and net assets	<u>3,963,609</u>	<u>8,050,672</u>

AnGes, Inc
Consolidated Statements of Operations
(In thousands of yen)
(Unaudited)

	Year ended Dec. 31, (From Jan. 1 to Dec.31)	
	2017	2018
Business revenues		
Net sales of goods	365,056	382,847
Research and development revenues	126	227,203
Total business revenues	365,183	610,050
Business expenses		
Cost of sales	178,049	188,176
Research and development expenses	2,600,107	2,539,674
Selling, general and administrative expenses	875,708	947,454
Total business expenses	3,653,866	3,675,305
Operating loss	(3,288,683)	△3,065,255
Non-operating income		
Interest income	201	1,405
Foreign exchange gains	2,008	785
Commission fee	7,249	8,417
Subsidy income	-	3,313
Gain on investments in partnership	171	7
Miscellaneous income	605	246
Total non-operating income	10,235	14,176
Non-operating expenses		
Share issuance cost	25,558	42,318
Subscription rights to shares issuance cost	3,133	2,816
Total non-operating expenses	28,691	45,135
Ordinary loss	(3,307,139)	(3,096,213)
Extraordinary income		
Gain on sales of investment securities	130,971	31,193
Gain on reversal of share acquisition rights	21,252	62,017
Total extraordinary income	152,223	93,211
Extraordinary losses		
Impairment loss	112,509	-
Loss on valuation of investment securities	476,762	-
Total extraordinary losses	589,271	-
Loss before income taxes	(3,744,187)	(3,003,002)
Income taxes - current	20,177	5,147
Income taxes - deferred	335	426
Refund of income taxes	-	(11,946)
Total income taxes	20,512	(6,372)
Loss	(3,764,699)	(2,996,629)
Loss attributable to owners of parent	(3,764,699)	(2,996,629)

AnGes, Inc
Consolidated Statements of Comprehensive Income
(In thousands of yen)
(Unaudited)

	Year ended Dec. 31, (From Jan. 1 to Dec.31)	
	2017	2018
Loss	(3,764,699)	(2,996,629)
Other comprehensive income		
Valuation difference on available-for-sale securities	335,945	(167,646)
Foreign currency translation adjustment	(5,497)	(2,257)
Total other comprehensive income	330,448	(169,903)
Comprehensive income	(3,434,251)	(3,166,532)
Comprehensive income attributable to:		
owners of parent	(3,434,251)	(3,166,532)
non-controlling interests	-	-

AnGes, Inc
Consolidated Statements of Changes in Net Assets
(In thousands of yen)
(Unaudited)

Year ended Dec.31, 2017 (From Jan.1 to Dec.31, 2017)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	17,651,190	15,961,930	(29,347,742)	(23)	4,265,354
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	1,472,971	1,472,971			2,945,943
Capital reduction	(13,465,812)	13,465,812			-
Deficit disposition		(29,427,742)	29,427,742		-
Loss attributable to owners of parent			(3,764,699)		(3,764,699)
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					-
Total changes of items during period	(11,992,840)	(14,488,958)	25,663,042	(1)	(818,757)
Balance at end of current period	5,658,349	1,472,971	(3,684,699)	(24)	3,446,597

	Accumulated other comprehensive income			share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	(416,779)	11,484	(405,295)	9,322	3,869,382
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights					2,945,943
Capital reduction					-
Deficit disposition					-
Loss attributable to owners of parent					(3,764,699)
Purchase of treasury shares					(1)
Net changes of items other than shareholders' equity	335,945	(5,497)	330,448	240,807	571,256
Total changes of items during period	335,945	(5,497)	330,448	240,807	(247,500)
Balance at end of current period	(80,833)	5,986	(74,846)	250,130	3,621,881

Year ended Dec.31, 2018 (From Jan.1 to Dec.31, 2018)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,658,349	1,472,971	(3,684,699)	(24)	3,446,597
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	3,737,475	3,737,475			7,474,951
Capital reduction					-
Deficit disposition					-
Loss attributable to owners of parent			(2,996,629)		(2,996,629)
Purchase of treasury shares				-	-
Net changes of items other than shareholders' equity					-
Total changes of items during period	3,737,475	3,737,475	(2,996,629)	-	4,478,321
Balance at end of current period	9,395,825	5,210,447	(6,681,328)	(24)	7,924,919

	Accumulated other comprehensive income			share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	(80,833)	5,986	(74,846)	250,130	3,621,881
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights					7,474,951
Capital reduction					-
Deficit disposition					-
Loss attributable to owners of parent					(2,996,629)
Purchase of treasury shares					-
Net changes of items other than shareholders' equity	(167,646)	(2,257)	(169,903)	(195,840)	(365,743)
Total changes of items during period	(167,646)	(2,257)	(169,903)	(195,840)	4,112,578
Balance at end of current period	(248,480)	3,729	(244,750)	54,289	7,734,459

AnGes, Inc
Consolidated Statements of Cash Flows
(In thousands of yen)
(Unaudited)

	Year ended Dec. 31, (From Jan. 1 to Dec.31)	
	2017	2018
Cash flows from operating activities		
Loss before income taxes	(3,744,187)	(3,003,002)
Depreciation	29,352	7,860
Impairment loss	112,509	-
Interest income	(201)	(1,405)
Foreign exchange losses (gains)	(3,516)	(1,727)
Loss (gain) on investments in partnership	(171)	(7)
Loss (gain) on sales of short-term and long-term investment securities	(130,971)	(31,193)
Loss (gain) on valuation of investment securities	476,762	-
Share issuance cost	24,337	41,442
Share-based compensation expenses	267,667	18,082
Gain on reversal of share acquisition rights	(21,252)	(62,017)
Decrease (increase) in notes and accounts receivable - trade	155,624	(114,789)
Decrease (increase) in inventories	(401,443)	565,319
Increase (decrease) in notes and accounts payable - trade	(187,687)	(87,826)
Decrease (increase) in advance payments	527,137	55,974
Decrease (increase) in consumption taxes refund receivable	73,880	19,330
Increase (decrease) in accounts payable - other	19,811	10,952
Increase (decrease) in accrued expenses	(79,419)	8,337
Increase (decrease) in advances received	(763)	-
Decrease (increase) in other current assets	(26,922)	26,471
Decrease (increase) in other non-current assets	(1,456)	(100)
Increase (decrease) in other current liabilities	(74,805)	47,972
Increase (decrease) in other non-current liabilities	250	(11)
Subtotal	<u>(2,985,464)</u>	<u>(2,500,336)</u>
Interest income received	201	1,405
Income taxes paid	(5,960)	(23,570)
Net cash provided by (used in) operating activities	<u>(2,991,223)</u>	<u>(2,522,501)</u>
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	5,630	-
Purchase of property, plant and equipment	(7,032)	(50,433)
Purchase of intangible assets	(2,240)	-
Purchase of investment securities	(4,000)	(119,831)
Proceeds from sales of investment securities	234,413	53,353
Payments for lease and guarantee deposits	(19)	(51,687)
Proceeds from collection of lease and guarantee	310	45,855
Net cash provided by (used in) investing activities	<u>227,062</u>	<u>(122,742)</u>

AnGes, Inc
Consolidated Statements of Cash Flows
(In thousands of yen)
(Unaudited)

	Year ended Dec. 31, (From Jan. 1 to Dec.31)	
	2017	2018
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,831,743	7,218,348
Proceeds from exercise of share options	93	196
Purchase of treasury shares	(1)	-
Proceeds from issuance of share acquisition rights	84,200	64,800
Net cash provided by (used in) financing activities	<u>2,916,035</u>	<u>7,283,345</u>
Effect of exchange rate change on cash and cash equivalents	259	(959)
Net increase (decrease) in cash and cash equivalents	<u>152,133</u>	<u>4,637,140</u>
Cash and cash equivalents at beginning of period	995,620	1,147,753
Cash and cash equivalents at end of period	<u>1,147,753</u>	<u>5,784,894</u>

Projects --- Current pipeline status

<Self-developed products>

Segment	Project	Target indications	Region	Development stage	Alliance partners
Medicine	HGF Plasmid (Bepermingene Perplasmid)	Critical Limb Ischemia (Arteriosclerosis Obliterans & Buerger's Disease)	Japan	Submitted the application for marketing approval	Mitsubishi Tanabe Pharma Corporation (JP) <i>Marketing Rights</i>
			US	Planning next steps	Mitsubishi Tanabe Pharma Corporation (JP) <i>Marketing Rights</i>
	NF-κB Decoy Oligonucleotide	Low Back Pain due to Disc Degeneration		Phase I b (US)	Available
	Hypertension DNA Therapeutic Vaccine	Hypertension		Phase I / II (AU)	Available