

Consolidated Financial Report
for the Month Ended March 31, 2017 (Unaudited)(Japan GAAP)
AnGes MG, Inc. <http://www.anges-mg.com/>

Listings: Mothers of the Tokyo Stock Exchange, Code 4563

Head Office: 4F, Saito Bio-Incubator, 7-7-15, Saito-Asagi, Ibaraki, Osaka, 567-0085, Japan

(Figures are rounded down to the nearest million yen)

1. Business Results for the Year 2017 (From Jan. 1, 2017 to Mar. 31, 2017)
(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	%
1Q 2017	83	0.1	(1,035)	—	(1,030)	—	(1,511)	—
1Q 2016	83	1.6	(1,183)	—	(1,230)	—	(1,230)	—

*Comprehensive Income 1Q 2017 : (1,073) million yen 1Q 2016 : (1,228) million yen

	Net loss per share	Diluted net loss per share
	Yen	Yen
1Q 2017	(20.89)	—
1Q 2016	(21.75)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Mar. 31, 2017	3,850	3,287	84.7
Dec. 31, 2016	4,539	3,869	85.0

*Shareholder's equity Mar. 31, 2017 : 3,261 million yen Dec. 31, 2016 : 3,860 million yen

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	4Q	Full-year
	Yen	Yen	Yen	Yen	Yen
FY 2016	—	0.00	—	0.00	0.00
FY 2017	—				
FY 2017 (Forecast)		0.00	—	0.00	0.00

3. Earnings Forecast for the Fiscal Year 2017 (From Jan. 1, 2017 to Dec. 31, 2017)

	Revenues		Operating loss		Ordinary loss		Net loss		Net loss per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	360	—	(3,400)	—	(3,400)	—	(3,400)	—	(46.99)

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 stock)	Mar. 31, 2017	72,731,061 shares	Dec. 31, 2016	70,631,061 shares
2) Number of treasury stock	Mar. 31, 2017	81 shares	Dec. 31, 2016	81 shares
3) Average number of shares issued and outstanding	1Q 2017	72,361,258 shares	1Q 2016	56,544,302 shares

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

	December 31, 2016	March 31, 2017
Assets		
Current assets		
Cash and deposits	995,620	890,954
Accounts receivable - trade	298,318	139,648
Merchandise	170,069	129,928
Raw materials and supplies	1,001,197	1,020,406
Advance payments - trade	951,147	699,926
Prepaid expenses	27,057	29,181
Consumption taxes receivable	166,078	19,388
Other	9,973	39,888
Total current assets	3,619,461	2,969,322
Non-current assets		
Property, plant and equipment		
Buildings	71,269	71,254
Accumulated depreciation	(49,193)	(49,940)
Buildings, net	22,076	21,314
Tools, furniture and fixtures	265,291	270,184
Accumulated depreciation	(211,464)	(217,732)
Tools, furniture and fixtures, net	53,826	52,451
Total property, plant and equipment	75,902	73,765
Intangible assets		
Patent right	31,588	28,760
Other	23,566	20,561
Total intangible assets	55,155	49,322
Investments and other assets		
Investment securities	720,500	690,349
Lease and guarantee deposits	51,470	51,450
Other	16,710	16,405
Total investments and other assets	788,682	758,205
Total non-current assets	919,739	881,293
Total assets	4,539,201	3,850,615

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

	December 31, 2016	March 31, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	389,126	308,774
Accounts payable - other	62,111	127,836
Accrued expenses	87,702	70,001
Income taxes payable	80,703	7,823
Advances received	1,449	1,443
Deposits received	9,824	7,450
Total current liabilities	630,917	523,328
Non-current liabilities		
Deferred tax liabilities	16,255	16,874
Asset retirement obligations	22,646	22,709
Total non-current liabilities	38,902	39,583
Total liabilities	669,819	562,911
Net assets		
Shareholders' equity		
Capital stock	17,651,190	17,888,917
Capital surplus	15,961,930	16,199,657
Retained earnings	(29,347,742)	(30,859,609)
Treasury shares	(23)	(23)
Total shareholders' equity	4,265,354	3,228,942
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(416,779)	29,426
Foreign currency translation adjustment	11,484	3,491
Total accumulated other comprehensive income	(405,295)	32,918
Subscription rights to shares	9,322	25,842
Total net assets	3,869,382	3,287,703
Total liabilities and net assets	4,539,201	3,850,615

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

	Month ended Mar. 31, (From Jan. 1 to Mar.31)	
	2016	2017
Business revenues		
Net sales of goods	81,835	83,258
Research and development revenues	1,353	36
Total business revenues	83,189	83,294
Business expenses		
Cost of sales	42,222	40,472
Research and development expenses	991,147	875,320
Selling, general and administrative expenses	233,722	203,155
Total business expenses	1,267,092	1,118,948
Operating loss	(1,183,903)	(1,035,654)
Non-operating income		
Interest income	228	77
Foreign exchange gains	-	6,982
Miscellaneous income	1,311	1,624
Total non-operating income	1,539	8,684
Non-operating expenses		
Share issuance cost	18,423	3,576
Foreign exchange losses	29,440	-
Miscellaneous loss	740	0
Total non-operating expenses	48,604	3,576
Ordinary loss	(1,230,967)	(1,030,547)
Extraordinary income		
Gain on reversal of subscription rights to shares	7,138	-
Total extraordinary income	7,138	-
Extraordinary losses		
Loss on valuation of investment securities	-	476,762
Total extraordinary losses	-	476,762
Loss before income taxes	(1,223,829)	(1,507,309)
Income taxes - current	5,393	4,343
Income taxes - deferred	889	214
Total income taxes	6,282	4,557
Loss	(1,230,112)	(1,511,867)
Loss attributable to owners of parent	(1,230,112)	(1,511,867)

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

	Month ended Mar. 31, (From Jan. 1 to Mar.31)	
	2016	2017
Loss	(1,230,112)	(1,511,867)
Other comprehensive income		
Valuation difference on available-for-sale securities	23,634	446,206
Foreign currency translation adjustment	(21,788)	(7,992)
Total other comprehensive income	1,846	438,213
Comprehensive income	(1,228,266)	(1,073,653)
Comprehensive income attributable to:		
owners of parent	(1,228,266)	(1,073,653)
non-controlling interests	-	-

Projects --- Current pipeline status

<Self-developed products>

Segment	Project	Target indications	Region	Development stage	Alliance partners
Medicine	HGF Plasmid	Peripheral Arterial Disease (PAD)	Japan	Completed Phase III, additional study ongoing (physician-led study)*	Mitsubishi Tanabe Pharma Corporation (JP) <i>Marketing Rights</i>
			US	Planning for Phase III	Mitsubishi Tanabe Pharma Corporation (JP) <i>Marketing Rights</i>
		Lymphedema	Japan	Phase I / II	Available
	Hypertension DNA Therapeutic Vaccine	Hypertension		Preparing for Phase I (Australia)	Available
	NF-κB Decoy Oligo DNA	Atopic Dermatitis	Japan	(Ointment drug) Completed Phase III**	Shionogi & Co., LTD. (JP) <i>Marketing Rights < World ></i>
Disc Degeneration			Preparing for Phase I b	Available	

* Drug application under conditional approval system is planned for HGF Plasmid in Japan.

** The study did not show statistically significant difference between the NF-κB Decoy Oligonucleotide treated group and the placebo group in the primary endpoint.

<In-licensed program>

Segment	Project/ Product name	Target indications	Rights of AnGes	Development stage	Alliance partners
Medicine	CIN Therapeutic Vaccine	Cervical Precancerous Lesion	Development & Marketing rights for Japan, US, UK & China	Investigator-initiated study <Japan>	Bio Leaders Corporation (South Korea) Licensing-out to Morishita Jintan Co., Ltd
	Allovectin®	Cancer	Development & marketing rights for Asia	Under review	Vical, Inc. (US)