

Consolidated Financial Report
for the Month Ended June 30, 2018 (Unaudited)(Japan GAAP)
AnGes, Inc. <https://www.anges.co.jp/>

Listings: Mothers of the Tokyo Stock Exchange, Code 4563
 Head Office: 7-7-15, Saito-Asagi, Ibaraki, Osaka, 567-0085, Japan

(Figures are rounded down to the nearest million yen)

1. Business Results for the Second Quarter 2018 (From Jan. 1, 2018 to Jun. 30, 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	%
2Q 2018	176	4.0	(1,205)	—	(1,206)	—	(1,147)	—
2Q 2017	169	(0.3)	(1,702)	—	(1,698)	—	(2,299)	—

*Comprehensive Income 2Q 2018 : (1,327) million yen 2Q 2017 : (1,754) million yen

	Net loss per share	Diluted net loss per share
	Yen	Yen
2Q 2018	(13.99)	—
2Q 2017	(31.27)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Jun. 30, 2018	5,067	4,662	90.1
Dec. 31, 2017	3,963	3,621	85.1

*Shareholder's equity Jun. 30, 2018 : 4,566 million yen Dec. 31, 2017 : 3,371 million yen

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	4Q	Full-year
	Yen	Yen	Yen	Yen	Yen
FY 2017	—	0.00	—	0.00	0.00
FY 2018	—	0.00	—	—	—
FY 2018 (Forecast)	—	—	—	0.00	0.00

*Change of dividend forecast from the most recent release: None

3. Earnings Forecast for the Fiscal Year 2018 (From Jan. 1, 2018 to Dec. 31, 2018)

	Revenues		Operating loss		Ordinary loss		Net loss		Net loss per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	365	—	(2,500)	—	(2,500)	—	(2,500)	—	(29.92)

*Change of earnings forecast from the most recent release: None

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)	Jun. 30, 2018	85,079,361 shares	Dec. 31, 2017	79,724,261 shares
2) Number of treasury shares	Jun. 30, 2018	83 shares	Dec. 31, 2017	83 shares
3) Average number of shares issued and outstanding	2Q 2018	82,010,987 shares	2Q 2017	73,537,914 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, Inc
Consolidated Balance Sheets
(In thousands of yen)
(Unaudited)

	December 31, 2017	Jun 30, 2018
Assets		
Current assets		
Cash and deposits	1,147,753	2,472,624
Accounts receivable - trade	142,694	142,946
Merchandise	129,371	185,596
Raw materials and supplies	1,443,338	1,339,601
Advance payments - trade	422,298	416,965
Prepaid expenses	36,881	30,940
Consumption taxes receivable	92,210	42,917
Other	19,054	6,017
Total current assets	3,433,602	4,637,610
Non-current assets		
Property, plant and equipment		
Buildings	50,699	48,854
Accumulated depreciation	(50,699)	(3,754)
Buildings, net	-	45,099
Tools, furniture and fixtures	224,540	141,853
Accumulated depreciation	(224,540)	(137,207)
Tools, furniture and fixtures, net	-	4,645
Total property, plant and equipment	-	49,745
Investments and other assets		
Investment securities	471,063	274,056
Lease and guarantee deposits	51,176	100,723
Other	7,766	5,374
Total investments and other assets	530,006	380,154
Total non-current assets	530,006	429,900
Total assets	3,963,609	5,067,510

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

	December 31, 2017	Jun 30, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	200,997	185,215
Accounts payable - other	85,234	87,204
Accrued expenses	8,229	19,953
Income taxes payable	11,647	22,763
Advances received	686	686
Deposits received	10,765	45,636
Asset retirement obligations	-	18,819
Total current liabilities	<u>317,561</u>	<u>380,280</u>
Non-current liabilities		
Deferred tax liabilities	1,269	1,365
Asset retirement obligations	22,897	22,871
Total non-current liabilities	<u>24,166</u>	<u>24,237</u>
Total liabilities	<u>341,727</u>	<u>404,517</u>
Net assets		
Shareholders' equity		
Capital stock	5,658,349	6,919,438
Capital surplus	1,472,971	2,734,060
Retained earnings	(3,684,699)	(4,831,991)
Treasury shares	(24)	(24)
Total shareholders' equity	<u>3,446,597</u>	<u>4,821,482</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(80,833)	(255,850)
Foreign currency translation adjustment	5,986	754
Total accumulated other comprehensive income	<u>(74,846)</u>	<u>(255,095)</u>
Subscription rights to shares	250,130	96,605
Total net assets	<u>3,621,881</u>	<u>4,662,992</u>
Total liabilities and net assets	<u>3,963,609</u>	<u>5,067,510</u>

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

	Month ended Jun. 30, (From Jan. 1 to Jun.30)	
	2017	2018
Business revenues		
Net sales of goods	169,126	176,005
Research and development revenues	100	-
Total business revenues	<u>169,226</u>	<u>176,005</u>
Business expenses		
Cost of sales	82,243	86,326
Research and development expenses	1,391,887	803,630
Selling, general and administrative expenses	397,726	491,498
Total business expenses	<u>1,871,857</u>	<u>1,381,455</u>
Operating loss	<u>(1,702,630)</u>	<u>(1,205,449)</u>
Non-operating income		
Interest income	78	560
Foreign exchange gains	11,551	3,898
Subsidy income	-	3,313
Commission fee	3,617	4,628
Gain on investments in partnership	-	184
Miscellaneous income	593	247
Total non-operating income	<u>15,841</u>	<u>12,832</u>
Non-operating expenses		
Share issuance cost	12,189	10,848
Subscription rights to shares issuance cost	-	2,816
Miscellaneous loss	0	0
Total non-operating expenses	<u>12,189</u>	<u>13,665</u>
Ordinary loss	<u>(1,698,978)</u>	<u>(1,206,282)</u>
Extraordinary income		
Gain on sales of investment securities	-	31,193
Gain on reversal of subscription rights to shares	-	33,160
Total extraordinary income	<u>-</u>	<u>64,353</u>
Extraordinary losses		
Impairment loss	112,531	-
Loss on valuation of investment securities	476,762	-
Total extraordinary losses	<u>589,293</u>	<u>-</u>
Loss before income taxes	<u>(2,288,271)</u>	<u>(1,141,929)</u>
Income taxes - current	11,280	5,267
Income taxes - deferred	256	96
Total income taxes	<u>11,537</u>	<u>5,363</u>
Loss	<u>(2,299,809)</u>	<u>(1,147,292)</u>
Loss attributable to owners of parent	<u>(2,299,809)</u>	<u>(1,147,292)</u>

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

	Month ended Jun. 30, (From Jan. 1 to Jun.30)	
	2017	2018
Loss	(2,299,809)	(1,147,292)
Other comprehensive income		
Valuation difference on available-for-sale securities	552,904	(175,016)
Foreign currency translation adjustment	(7,607)	(5,232)
Total other comprehensive income	545,296	(180,249)
Comprehensive income	(1,754,512)	(1,327,541)
Comprehensive income attributable to:		
owners of parent	(1,754,512)	(1,327,541)
non-controlling interests	-	-

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

	Month ended Jun. 30, (From Jan. 1 to Jun.30)	
	2017	2018
Cash flows from operating activities		
Loss before income taxes	(2,288,271)	(1,141,929)
Depreciation	26,479	3,179
Impairment loss	112,531	-
Interest income	(78)	(560)
Foreign exchange losses (gains)	(828)	101
Loss (gain) on investments in partnership	-	(184)
Loss (gain) on sales of short-term and long-term investment securities	-	(31,193)
Loss (gain) on valuation of investment securities	476,762	-
Share issuance cost	12,189	10,296
Share-based compensation expenses	-	4,520
Gain on reversal of subscription rights to shares	-	(33,160)
Decrease (increase) in notes and accounts receivable - trade	167,889	(251)
Decrease (increase) in inventories	92,470	47,511
Increase (decrease) in notes and accounts payable - trade	(316,773)	(15,546)
Decrease (increase) in advance payments	199,528	4,948
Increase (decrease) in accounts payable - other	(9,764)	1,699
Increase (decrease) in advances received	(736)	-
Decrease (increase) in other current assets	110,197	73,298
Decrease (increase) in other non-current assets	(1,282)	(100)
Increase (decrease) in other current liabilities	(81,589)	85,794
Increase (decrease) in other non-current liabilities	125	(25)
Subtotal	<u>(1,501,150)</u>	<u>(991,603)</u>
Interest income received	75	560
Income taxes paid	<u>(4,774)</u>	<u>(19,207)</u>
Net cash provided by (used in) operating activities	<u>(1,505,848)</u>	<u>(1,010,250)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,032)	(50,433)
Purchase of intangible assets	(1,570)	-
Proceeds from sales of investment securities	-	53,353
Payments for lease and guarantee deposits	-	(49,754)
Proceeds from collection of lease and guarantee deposits	310	194
Net cash provided by (used in) investing activities	<u>(8,292)</u>	<u>(46,638)</u>

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

	Month ended Jun. 30,	
	(From Jan. 1 to Jun.30)	
	2017	2018
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of subscription rights to shares	2,331,924	2,387,251
Proceeds from exercise of share options	-	146
Proceeds from issuance of subscription rights to shares	22,400	-
Net cash provided by (used in) financing activities	<u>2,354,324</u>	<u>2,387,398</u>
Effect of exchange rate change on cash and cash equivalents	(4,814)	(5,637)
Net increase (decrease) in cash and cash equivalents	<u>835,369</u>	<u>1,324,870</u>
Cash and cash equivalents at beginning of period	995,620	1,147,753
Cash and cash equivalents at end of period	<u>1,830,990</u>	<u>2,472,624</u>

Projects --- Current pipeline status

<Self-developed products>

Segment	Project	Code / Dosage Form	Target indications	Region	Development stage	Alliance partners
Medicine	HGF Plasmid (Bepermingene Perplasmid)	AMG0001 Injection	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	AMG0101 Injection	Low Back Pain due to Disc Degeneration		Phase I b (US)	Available
	Hypertension DNA Therapeutic Vaccine	AMG0201 Injection	Hypertension		Phase I / II (AU)	Available