

Consolidated Financial Report
for the Second Quarter Ended June 30, 2019 (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 Ended 2019 (From Jan. 1, 2019 to Jun. 30, 2019)

(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 2019	172	(1.9)	(1,709)	—	(1,733)	—	(1,973)	—
2Q 2018	176	4.0	(1,205)	—	(1,206)	—	(1,147)	—

*Comprehensive Income 2Q 2019 : (1,841) million yen 2Q 2018 : (1,327) million yen

	Net loss per share	Diluted net loss per share
	Yen	Yen
2Q 2019	(19.26)	—
2Q 2018	(13.99)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Jun. 30, 2019	13,922	13,677	97.7
Dec. 31, 2018	8,050	7,734	95.4

*Shareholder's equity Jun. 30, 2019 : 13,596 million yen Dec. 31, 2018 : 7,680 million yen

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	4Q	Full-year
	Yen	Yen	Yen	Yen	Yen
FY 2018	—	0.00	—	0.00	0.00
FY 2019	—	0.00	—	—	—
FY 2019 (Forecast)	—	—	—	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)	—	(26.74)

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, 2019	106,925,061 shares	Dec. 31, 2018	97,981,061 shares
2) Number of treasury shares	Jun. 30, 2019	84 shares	Dec. 31, 2018	83 shares
3) Average number of shares issued and outstanding	2Q 2019	102,469,066 shares	2Q 2018	82,010,987 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, 2018	June 30, 2019
Assets		
Current assets		
Cash and deposits	5,784,894	11,291,204
Accounts receivable - trade	257,484	127,331
Merchandise	83,746	-
Raw materials and supplies	923,644	705,691
Advance payments - trade	366,086	168,980
Prepaid expenses	28,277	30,365
Consumption taxes receivable	73,041	62,302
Other	24,994	24,103
Total current assets	7,542,170	12,409,979
Non-current assets		
Property, plant and equipment		
Buildings	48,855	52,695
Accumulated depreciation	(5,442)	(7,208)
Buildings, net	43,412	45,487
Tools, furniture and fixtures	141,478	118,536
Accumulated depreciation	(137,462)	(113,290)
Tools, furniture and fixtures, net	4,016	5,245
Total property, plant and equipment	47,429	50,733
Investments and other assets		
Investment securities	401,068	1,399,965
Lease and guarantee deposits	56,994	60,341
Other	3,009	1,264
Total investments and other assets	461,072	1,461,571
Total non-current assets	508,502	1,512,304
Total assets	8,050,672	13,922,283

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

	December 31, 2018	June 30, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	112,925	55,730
Accounts payable - other	97,803	70,567
Accrued expenses	16,487	23,644
Income taxes payable	53,253	58,204
Advances received	686	-
Deposits received	10,475	11,230
Total current liabilities	<u>291,631</u>	<u>219,377</u>
Non-current liabilities		
Deferred tax liabilities	1,695	1,786
Asset retirement obligations	22,885	23,899
Total non-current liabilities	<u>24,581</u>	<u>25,686</u>
Total liabilities	<u>316,213</u>	<u>245,063</u>
Net assets		
Shareholders' equity		
Capital stock	9,395,825	13,274,669
Capital surplus	5,210,447	9,089,290
Retained earnings	(6,681,328)	(8,655,135)
Treasury shares	(24)	(25)
Total shareholders' equity	<u>7,924,919</u>	<u>13,708,799</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(248,480)	(111,345)
Foreign currency translation adjustment	3,729	(1,367)
Total accumulated other comprehensive income	<u>(244,750)</u>	<u>(112,713)</u>
Share acquisition rights	54,289	81,134
Total net assets	<u>7,734,459</u>	<u>13,677,220</u>
Total liabilities and net assets	<u>8,050,672</u>	<u>13,922,283</u>

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

	The Month ended Jun. 30, (From Jan. 1 to Jun.30)	
	2018	2019
Business revenues		
Net sales of goods	176,005	170,075
Research and development revenues	-	2,510
Total business revenues	176,005	172,586
Business expenses		
Cost of sales	86,326	83,746
Research and development expenses	803,630	1,130,185
Selling, general and administrative expenses	491,498	668,230
Total business expenses	1,381,455	1,882,162
Operating loss	(1,205,449)	(1,709,576)
Non-operating income		
Interest income	560	828
Foreign exchange gains	3,898	6,820
Commission fee	3,313	-
Subsidy income	4,628	3,284
Gain on investments in partnership	184	3,320
Miscellaneous income	247	130
Total non-operating income	12,832	14,384
Non-operating expenses		
Share issuance cost	10,848	35,288
Subscription rights to shares issuance cost	2,816	3,240
Miscellaneous loss	0	-
Total non-operating expenses	13,665	38,529
Ordinary loss	(1,206,282)	(1,733,720)
Extraordinary income		
Gain on sales of investment securities	31,193	-
Gain on reversal of share acquisition rights	33,160	8,288
Total extraordinary income	64,353	8,288
Extraordinary losses		
Loss on valuation of investment securities	-	243,123
Total extraordinary losses	-	243,123
Loss before income taxes	(1,141,929)	(1,968,556)
Income taxes - current	5,267	5,159
Income taxes - deferred	96	90
Total income taxes	5,363	5,249
Loss	(1,147,292)	(1,973,806)
Loss attributable to owners of parent	(1,147,292)	(1,973,806)

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

	The Month ended Jun. 30, (From Jan. 1 to Jun.30)	
	2018	2019
Loss	(1,147,292)	(1,973,806)
Other comprehensive income		
Valuation difference on available-for-sale securities	(175,016)	137,134
Foreign currency translation adjustment	(5,232)	(5,097)
Total other comprehensive income	(180,249)	132,036
Comprehensive income	(1,327,541)	(1,841,769)
Comprehensive income attributable to:		
owners of parent	(1,327,541)	(1,841,769)
non-controlling interests	-	-

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

	The Month ended Jun. 30, (From Jan. 1 to Jun.30)	
	2018	2019
Cash flows from operating activities		
Loss before income taxes	(1,141,929)	(1,968,556)
Depreciation	3,179	3,889
Interest income	(560)	(828)
Foreign exchange losses (gains)	101	(5,147)
Loss (gain) on investments in partnership	(184)	(3,320)
Loss (gain) on sales of short-term and long-term investment securities	(31,193)	-
Loss (gain) on valuation of investment securities	-	243,123
Share issuance cost	10,296	35,238
Share-based compensation expenses	4,520	74,435
Gain on reversal of share acquisition rights	(33,160)	(8,288)
Decrease (increase) in notes and accounts receivable - trade	(251)	130,153
Decrease (increase) in inventories	47,511	301,698
Increase (decrease) in notes and accounts payable - trade	(15,546)	(57,160)
Decrease (increase) in advance payments	4,948	197,052
Decrease (increase) in consumption taxes refund receivable	49,375	10,753
Increase (decrease) in accounts payable - other	1,699	(27,223)
Increase (decrease) in accrued expenses	11,795	7,166
Increase (decrease) in advances received	-	(686)
Decrease (increase) in other current assets	23,922	(1,935)
Decrease (increase) in other non-current assets	(100)	-
Increase (decrease) in other current liabilities	73,998	5,347
Increase (decrease) in other non-current liabilities	(25)	1,013
Subtotal	<u>(991,603)</u>	<u>(1,063,275)</u>
Interest income received	560	828
Income taxes paid	(19,207)	(4,729)
Net cash provided by (used in) operating activities	<u>(1,010,250)</u>	<u>(1,067,175)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(50,433)	(5,448)
Purchase of investment securities	-	(1,101,580)
Proceeds from sales of investment securities	53,353	-
Payments for lease and guarantee deposits	(49,754)	(3,360)
Proceeds from collection of lease and guarantee	194	-
Net cash provided by (used in) investing activities	<u>(46,638)</u>	<u>(1,110,388)</u>

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

	The Month ended Jun. 30, (From Jan. 1 to Jun.30)	
	2018	2019
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,387,251	7,683,342
Proceeds from exercise of share options	146	4
Purchase of treasury shares	-	(0)
Net cash provided by (used in) financing activities	2,387,398	7,683,345
Effect of exchange rate change on cash and cash equivalents	(5,637)	528
Net increase (decrease) in cash and cash equivalents	1,324,870	5,506,309
Cash and cash equivalents at beginning of period	1,147,753	5,784,894
Cash and cash equivalents at end of period	2,472,624	11,291,204

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	Obtained Approval with Conditions and Time Limit	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