

Consolidated Financial Report
for the Month Ended September 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 Third Quarter 2018 (From Jan. 1, 2018 to Sep. 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	%
3Q 2018	276	8.2	(2,242)	—	(2,259)	—	(2,202)	—
3Q 2017	255	(0.4)	(2,743)	—	(2,757)	—	(3,359)	—

*Comprehensive Income 3Q 2018 : (2,319) million yen 3Q 2017 : (2,846) million yen

	Net loss per share	Diluted net loss per share
	Yen	Yen
3Q 2018	(26.12)	—
3Q 2017	(44.64)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Sep. 30, 2018	6,112	5,755	93.1
Dec. 31, 2017	3,963	3,621	85.1

*Shareholder's equity Sep. 30, 2018 : 5,691 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	600	64.3	(3,100)	—	(3,100)	—	(3,100)	—	(36.06)

*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)	Sep. 30, 2018	90,884,861 shares	Dec. 31, 2017	79,724,261 shares
2) Number of treasury shares	Sep. 30, 2018	83 shares	Dec. 31, 2017	83 shares
3) Average number of shares issued and outstanding	3Q 2018	84,325,253 shares	3Q 2017	75,257,115 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	September 30, 2018
Assets		
Current assets		
Cash and deposits	1,147,753	3,492,829
Accounts receivable - trade	142,694	160,622
Merchandise	129,371	136,189
Raw materials and supplies	1,443,338	1,246,345
Advance payments - trade	422,298	482,000
Prepaid expenses	36,881	28,462
Consumption taxes receivable	92,210	51,956
Other	19,054	9,276
Total current assets	3,433,602	5,607,681
Non-current assets		
Property, plant and equipment		
Buildings	50,699	48,861
Accumulated depreciation	(50,699)	(4,605)
Buildings, net	-	44,256
Tools, furniture and fixtures	224,540	142,138
Accumulated depreciation	(224,540)	(137,680)
Tools, furniture and fixtures, net	-	4,458
Total property, plant and equipment	-	48,714
Investments and other assets		
Investment securities	471,063	395,915
Lease and guarantee deposits	51,176	56,551
Other	7,766	4,122
Total investments and other assets	530,006	456,588
Total non-current assets	530,006	505,303
Total assets	3,963,609	6,112,985

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

	December 31, 2017	September 30, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	200,997	172,985
Accounts payable - other	85,234	70,897
Accrued expenses	8,229	49,709
Income taxes payable	11,647	27,713
Advances received	686	686
Deposits received	10,765	10,816
Total current liabilities	<u>317,561</u>	<u>332,809</u>
Non-current liabilities		
Deferred tax liabilities	1,269	1,400
Asset retirement obligations	22,897	22,878
Total non-current liabilities	<u>24,166</u>	<u>24,278</u>
Total liabilities	<u>341,727</u>	<u>357,088</u>
Net assets		
Shareholders' equity		
Capital stock	5,658,349	7,977,990
Capital surplus	1,472,971	3,792,612
Retained earnings	(3,684,699)	(5,887,439)
Treasury shares	(24)	(24)
Total shareholders' equity	<u>3,446,597</u>	<u>5,883,137</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(80,833)	(197,003)
Foreign currency translation adjustment	5,986	5,420
Total accumulated other comprehensive income	<u>(74,846)</u>	<u>(191,582)</u>
Subscription rights to shares	250,130	64,341
Total net assets	<u>3,621,881</u>	<u>5,755,896</u>
Total liabilities and net assets	<u>3,963,609</u>	<u>6,112,985</u>

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

	Month ended Sep. 30, (From Jan. 1 to Sep.30)	
	2017	2018
Business revenues		
Net sales of goods	255,231	276,342
Research and development revenues	105	-
Total business revenues	<u>255,337</u>	<u>276,342</u>
Business expenses		
Cost of sales	124,268	135,733
Research and development expenses	2,182,477	1,649,568
Selling, general and administrative expenses	691,937	733,224
Total business expenses	<u>2,998,683</u>	<u>2,518,526</u>
Operating loss	<u>(2,743,346)</u>	<u>(2,242,183)</u>
Non-operating income		
Interest income	182	1,041
Foreign exchange gains	6,928	-
Subsidy income	-	3,313
Commission fee	4,534	5,378
Gain on investments in partnership	171	7
Miscellaneous income	591	247
Total non-operating income	<u>12,407</u>	<u>9,988</u>
Non-operating expenses		
Share issuance cost	23,188	23,728
Subscription rights to shares issuance cost	3,133	2,816
Foreign exchange losses	-	781
Miscellaneous loss	0	0
Total non-operating expenses	<u>26,321</u>	<u>27,327</u>
Ordinary loss	<u>(2,757,259)</u>	<u>(2,259,522)</u>
Extraordinary income		
Gain on sales of investment securities	4,018	31,193
Gain on reversal of subscription rights to shares	-	33,160
Total extraordinary income	<u>4,018</u>	<u>64,353</u>
Extraordinary losses		
Impairment loss	112,478	-
Loss on valuation of investment securities	476,762	-
Total extraordinary losses	<u>589,240</u>	<u>-</u>
Loss before income taxes	<u>(3,342,481)</u>	<u>(2,195,168)</u>
Income taxes - current	16,636	7,440
Income taxes - deferred	284	130
Total income taxes	<u>16,920</u>	<u>7,571</u>
Loss	<u>(3,359,402)</u>	<u>(2,202,740)</u>
Loss attributable to owners of parent	<u>(3,359,402)</u>	<u>(2,202,740)</u>

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

	Month ended Sep. 30, (From Jan. 1 to Sep.30)	
	2017	2018
Loss	(3,359,402)	(2,202,740)
Other comprehensive income		
Valuation difference on available-for-sale securities	518,642	(116,169)
Foreign currency translation adjustment	(5,912)	(566)
Total other comprehensive income	<u>512,730</u>	<u>(116,735)</u>
Comprehensive income	<u>(2,846,672)</u>	<u>(2,319,476)</u>
Comprehensive income attributable to:		
owners of parent	(2,846,672)	(2,319,476)
non-controlling interests	-	-

Projects --- Current pipeline status

<Self-developed products>

Segment	Project	Code / Dosage Form	Target indications	Region	Development stage	Alliance partners
Medicine	HGF Plasmid (Bepernogene Perplasmid)	AMG001 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	AMG0103 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