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Consolidated Financial Report for the First Quarter 2023 (Unaudited)(Japan GAAP)

AnGes, Inc.

<https://www.anges.co.jp/en/>

Listings: Growth 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 First Quarter 2023 (From Jan. 1, 2023 to Mar. 31, 2023)

(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 2023	16	7.9	(3,036)	—	(2,897)	—	(2,911)	—
1Q 2022	15	33.3	(3,543)	—	(2,934)	—	(2,938)	—

*Comprehensive Income 1Q 2023 : (2,824) million yen 1Q 2022 : (1,774) million yen

	Net loss per share	Diluted net loss per share
	Yen	Yen
1Q 2023	(15.91)	—
1Q 2022	(19.20)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Mar. 31, 2023	37,193	28,695	76.8
Dec. 31, 2022	38,820	30,425	78.1

*Shareholder's equity Mar. 31, 2023 : 28,577 million yen Dec. 31, 2022 : 30,324 million yen

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	4Q	Full-year
	Yen	Yen	Yen	Yen	Yen
FY 2022	—	0.00	—	0.00	0.00
FY 2023	—	—	—	—	—
FY 2023 (Forecast)	—	0.00	—	0.00	0.00

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

3. Earnings Forecast for the Fiscal Year 2023 (From Jan. 1, 2023 to Dec. 31, 2023)

	Revenues		Operating loss		Ordinary loss		Net loss		Net loss per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	190	183.3	(15,500)	—	(9,900)	—	(10,000)	—	(53.71)

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 : Applicable
 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)	Mar. 31, 2023	187,223,900 shares	Dec. 31, 2022	178,623,900 shares
2) Number of treasury shares	Mar. 31, 2023	92 shares	Dec. 31, 2022	92 shares
3) Average number of shares issued and outstanding	1Q 2023	182,956,586 shares	1Q 2022	153,072,308 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, 2022	March 31, 2023
Assets		
Current assets		
Cash and deposits	11,035,102	9,494,423
Accounts receivable - trade	9,887	7,049
Finished goods	3,453	113,709
Raw materials and supplies	1,004,996	1,437,862
Advance payments to suppliers	303,436	272,750
Prepaid expenses	91,734	89,632
Consumption taxes refund receivable	392,081	54,148
Other	55,766	59,194
Total current assets	12,896,458	11,528,770
Non-current assets		
Property, plant and equipment		
Buildings	209,531	218,223
Accumulated depreciation	(128,082)	(129,831)
Buildings, net	81,448	88,391
Tools, furniture and fixtures	71,195	109,114
Accumulated depreciation	(59,941)	(64,225)
Tools, furniture and fixtures, net	11,253	44,888
Right of use assets	1,318,216	1,317,376
Total property, plant and equipment	1,410,919	1,450,656
Intangible assets		
Goodwill	23,254,472	22,670,372
Total intangible assets	23,254,472	22,670,372
Investments and other assets		
Investment securities	921,573	1,204,287
Leasehold and guarantee deposits	97,969	97,883
Deferred tax assets	158,067	159,881
Other	81,252	81,745
Total investments and other assets	1,258,862	1,543,798
Total non-current assets	25,924,253	25,664,827
Total assets	38,820,711	37,193,597

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

	December 31, 2022	March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	553,252	965,612
Accounts payable - other	590,301	414,711
Accrued expenses	90,094	101,165
Income taxes payable	148,339	69,087
Advances received	5,764,004	5,764,004
Deposits received	16,865	14,705
Lease liabilities	160,743	122,479
Total current liabilities	7,323,600	7,451,766
Non-current liabilities		
Deferred tax liabilities	12,416	16,439
Asset retirement obligations	64,317	64,345
Lease liabilities	994,969	965,247
Total non-current liabilities	1,071,704	1,046,032
Total liabilities	8,395,304	8,497,798
Net assets		
Shareholders' equity		
Share capital	35,146,368	35,685,330
Capital surplus	17,467,693	18,006,655
Retained earnings	(27,150,247)	(30,061,858)
Treasury shares	(31)	(31)
Total shareholders' equity	25,463,783	23,630,096
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,396	23,209
Foreign currency translation adjustment	4,841,242	4,924,506
Total accumulated other comprehensive income	4,860,639	4,947,715
Share acquisition rights	100,984	117,986
Total net assets	30,425,406	28,695,798
Total liabilities and net assets	38,820,711	37,193,597

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

	The First Quarter	
	(From Jan. 1 to Mar.31)	
	2022	2023
Business revenues		
Net sales of finished goods	6	31
Commission income	15,381	16,571
Total business revenues	15,387	16,602
Business expenses		
Cost of sales	16,437	25,153
Research and development expenses	2,267,351	1,579,242
Selling, general and administrative expenses	1,275,075	1,448,440
Total business expenses	3,558,864	3,052,835
Operating loss	(3,543,476)	(3,036,232)
Non-operating income		
Interest income	1,113	1,078
Foreign exchange gains	516,555	103,604
Subsidy income	84,168	32,066
Commission income	1,308	1,153
Gain on investments in investment partnerships	-	6,511
Miscellaneous income	6,160	0
Total non-operating income	609,306	144,415
Non-operating expenses		
Share issuance costs	-	5,505
Loss on investments in investment partnerships	673	-
Total non-operating expenses	673	5,505
Ordinary loss	(2,934,843)	(2,897,322)
Extraordinary losses		
Loss on valuation of investment securities	-	1,117
Total extraordinary losses	-	1,117
Loss before income taxes	(2,934,843)	(2,898,440)
Income taxes - current	8,533	14,374
Income taxes - deferred	(5,106)	(1,203)
Total income taxes	3,427	13,170
Loss	(2,938,270)	(2,911,611)
Loss attributable to owners of parent	(2,938,270)	(2,911,611)

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

	The First Quarter	
	(From Jan. 1 to Mar.31)	
	2022	2023
Loss	(2,938,270)	(2,911,611)
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,079)	3,812
Foreign currency translation adjustment	1,167,816	83,263
Total other comprehensive income	1,163,736	87,075
Comprehensive income	(1,774,533)	(2,824,535)
Comprehensive income attributable to		
owners of parent	(1,774,533)	(2,824,535)
non-controlling interests	-	-

Main pipeline products

Conditional and time-limited approval system

Project	Area	Partner	Dosage Form	Indication	Development stage
HGF gene therapy product	Japan	Mitsubishi Tanabe Pharma Corporation (JP) <i>Marketing Rights</i>	Injection	Chronic arterial occlusive disease with lower limb ulcer	Preparing for application

Approval process

Project	Area	Partner	Dosage Form	Indication	Development stage
HGF gene therapy product	USA	Mitsubishi Tanabe Pharma Corporation (JP) <i>Marketing Rights</i>	Injection	Arteriosclerosis obliterans with lower limb ulcer	Phase II b
	Israel	Kamada	Injection	Chronic arterial occlusive disease with lower limb ulcer	New drug application
	Turkey	Er-Kim	Injection	Chronic arterial occlusive disease with lower limb ulcer	Preparing for application
NF-κB Decoy Oligonucleotide	USA	-	Injection	Chronic disconegetic lumbar back pain	Preparing for Phase II
DNA Vaccine	Australia	-	Injection	Hypertension	Phase I / II a Completed
DNA Vaccine	Japan/ Oversea	-	Intranasal formulation	Novel coronavirus (COVID-19)	Pre-clinical
Tie2 agonists	USA	Vasomune (Canada)	Injection	Novel coronavirus (COVID-19) /ARDS	Phase II a
Zokinvy (Lonafarnib)	Japan	Eiger (USA)	Capsule	Premature aging diseases (Hutchinson-Gilford progeria syndrome /Progeroid laminopathies)	Preparing for application

*In addition to the above projects, the development pipeline includes drugs for chronic hepatitis B in the exploratory, basic research and pre-clinical stages.

EmendoBio's pipeline

Project	Area	Indication	Development stage
Development of genome editing	USA	Severe Congenital Neutropenia	IND-enabling
		Diseases in hematology, ophthalmology, immuno-oncology, etc.	Pre-clinical

* <https://www.emendobio.com/our-science/pipeline/>