

Consolidated Financial Report for the Second Quarter 2024 (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 Second Quarter 2024 (From Jan. 1, 2024 to Jun. 30, 2024)

(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 2024	347	578.5	(5,107)	—	(3,190)	—	(3,500)	—
2Q 2023	51	60.7	(5,951)	—	(4,776)	—	(4,830)	—

*Comprehensive Income 2Q 2024 : (2,533) million yen 2Q 2023 : (3,635) million yen

	Net loss per share	Diluted net loss per share
	Yen	Yen
2Q 2024	(16.60)	—
2Q 2023	(26.09)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Jun. 30, 2024	27,675	25,477	91.7
Dec. 31, 2023	28,892	26,103	90.0

*Shareholder's equity Jun. 30, 2024 : 25,388 million yen Dec. 31, 2023 : 26,007 million yen

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	4Q	Full-year
	Yen	Yen	Yen	Yen	Yen
FY 2023	—	0.00	—	0.00	0.00
FY 2024 (Forecast)	—	0.00	—	—	—
FY 2024 (Forecast)	—	—	—	0.00	0.00

3. Earnings Forecast for the Fiscal Year 2024 (From Jan. 1, 2024 to Dec. 31, 2024)

	Revenues		Operating loss		Ordinary loss		Net loss		Net loss per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	600	292.2	(8,450)	—	(8,450)	—	(8,650)	—	(38.58)

*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, 2024	237,368,550 shares	Dec. 31, 2023	198,470,300 shares
2) Number of treasury shares	Jun. 30, 2024	143 shares	Dec. 31, 2023	92 shares
3) Average number of shares issued and outstanding	2Q 2024	210,924,458 shares	2Q 2023	185,101,985 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, 2023	June 30, 2024
Assets		
Current assets		
Cash and deposits	4,160,424	1,820,743
Accounts receivable - trade	26,534	200,439
Merchandise	-	213,966
Finished goods	97,655	0
Raw materials and supplies	1,468,481	1,088,779
Advance payments to suppliers	49,674	66,056
Prepaid expenses	85,906	82,686
Consumption taxes refund receivable	-	102,624
Other	32,599	15,855
Total current assets	5,921,276	3,591,152
Non-current assets		
Property, plant and equipment		
Buildings	220,842	220,888
Accumulated depreciation	(135,121)	(138,748)
Buildings, net	85,721	82,140
Tools, furniture and fixtures	149,893	165,756
Accumulated depreciation	(80,224)	(98,298)
Tools, furniture and fixtures, net	69,669	67,457
Right of use asset	267,728	142,049
Total property, plant and equipment	423,118	291,646
Intangible assets		
Goodwill	21,746,086	22,943,638
Total intangible assets	21,746,086	22,943,638
Investments and other assets		
Investment securities	355,545	407,392
Leasehold and guarantee deposits	102,056	99,952
Deferred tax assets	342,944	340,467
Other	1,509	1,228
Total investments and other assets	802,055	849,041
Total non-current assets	22,971,260	24,084,326
Total assets	28,892,536	27,675,479

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

	December 31, 2023	June 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	426,447	280,196
Accounts payable - other	474,522	308,935
Accrued expenses	36,947	45,111
Provision for business restructuring	558,129	306,013
Accrued consumption taxes	93,258	-
Income taxes payable	103,147	173,873
Advances received	637,550	638,200
Deposits received	15,434	14,685
Lease liabilities	147,726	161,956
Total current liabilities	2,493,163	1,928,972
Non-current liabilities		
Deferred tax liabilities	16,827	31,075
Asset retirement obligations	64,430	64,487
Lease liabilities	214,949	173,636
Total non-current liabilities	296,207	269,198
Total liabilities	2,789,370	2,198,170
Net assets		
Shareholders' equity		
Share capital	35,053,890	35,990,100
Capital surplus	3,423,721	4,401,780
Retained earnings	(18,385,610)	(21,886,081)
Treasury shares	(31)	(33)
Total shareholders' equity	20,091,969	18,505,765
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,757	57,116
Foreign currency translation adjustment	5,891,202	6,826,009
Total accumulated other comprehensive income	5,915,960	6,883,126
Share acquisition rights	95,236	88,417
Total net assets	26,103,166	25,477,308
Total liabilities and net assets	28,892,536	27,675,479

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

	The Second Quarter (From Jan. 1 to Jun.30)	
	2023	2024
Business revenues		
Net sales of goods	-	151,940
Net sales of finished goods	11,575	11,623
Commission income	39,650	107,832
Research and development revenues	-	76,180
Total business revenues	51,226	347,576
Business expenses		
Cost of sales	58,333	199,826
Research and development expenses	3,164,114	2,245,721
Selling, general and administrative expenses	2,780,025	3,009,988
Total business expenses	6,002,473	5,455,536
Operating loss	(5,951,247)	(5,107,959)
Non-operating income		
Interest income	7,674	2,457
Foreign exchange gains	1,089,771	1,916,143
Subsidy income	74,256	27,916
Commission income	4,175	3,172
Gain on investments in investment partnerships	6,511	-
Miscellaneous income	0	-
Total non-operating income	1,182,390	1,949,690
Non-operating expenses		
Share issuance costs	7,770	30,358
Loss on investments in investment partnerships	-	1,765
Total non-operating expenses	7,770	32,124
Ordinary loss	(4,776,627)	(3,190,393)
Extraordinary income		
Gain on reversal of share acquisition rights	-	3,096
Total extraordinary income	-	3,096
Extraordinary losses		
Loss on valuation of investment securities	1,117	-
Business restructuring expenses	-	230,711
Total extraordinary losses	1,117	230,711
Loss before income taxes	(4,777,745)	(3,418,009)
Income taxes - current	54,211	43,709
Income taxes - deferred	(1,922)	38,751
Total income taxes	52,289	82,461
Loss	(4,830,034)	(3,500,471)
Loss attributable to owners of parent	(4,830,034)	(3,500,471)

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

	The Second Quarter (From Jan. 1 to Jun.30)	
	2023	2024
Loss	(4,830,034)	(3,500,471)
Other comprehensive income		
Valuation difference on available-for-sale securities	17,479	32,358
Foreign currency translation adjustment	1,177,403	934,806
Total other comprehensive income	1,194,883	967,165
Comprehensive income	(3,635,151)	(2,533,305)
Comprehensive income attributable to:		
owners of parent	(3,635,151)	(2,533,305)
non-controlling interests	-	-

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

	The Second Quarter (From Jan. 1 to Jun.30)	
	2023	2024
Cash flows from operating activities		
Loss before income taxes	(4,777,745)	(3,418,009)
Depreciation	12,239	23,414
Amortization of goodwill	1,478,485	1,668,731
Interest income	(7,674)	(2,457)
Foreign exchange losses (gains)	(1,046,977)	(1,896,578)
Loss (gain) on investments in investment partnerships	(6,511)	1,765
Loss (gain) on valuation of investment securities	1,117	-
Share issuance costs	7,770	30,328
Share-based payment expenses	33,373	3,611
Gain on reversal of share acquisition rights	-	(3,096)
Business restructuring expenses	-	91,997
Decrease (increase) in trade receivables	(13,260)	(173,904)
Decrease (increase) in inventories	(537,025)	263,389
Increase (decrease) in trade payables	(93,680)	(163,052)
Decrease (increase) in advance payments to suppliers	32,210	(16,381)
Increase (decrease) in accrued or accrued consumption taxes	294,139	(195,854)
Increase (decrease) in accounts payable - other	(72,830)	(194,497)
Increase (decrease) in accrued expenses	26,751	3,653
Increase (decrease) in provision for business restructuring	-	(310,270)
Increase (decrease) in advances received	637,550	650
Decrease (increase) in other current assets	23,492	23,677
Decrease (increase) in other non-current assets	(1,548)	-
Increase (decrease) in other current liabilities	(87,417)	35,701
Increase (decrease) in other non-current liabilities	(54,420)	(5,374)
Subtotal	(4,151,961)	(4,232,554)
Interest received	7,674	2,457
Income taxes paid	(54,115)	(21,701)
Net cash provided by (used in) operating activities	(4,198,402)	(4,251,798)

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

	The Second Quarter (From Jan. 1 to Jun.30)	
	2023	2024
Cash flows from investing activities		
Payments into restricted cash	-	(51,232)
Purchase of property, plant and equipment	(47,189)	(16,575)
Purchase of investment securities	(275,679)	(7,000)
Proceeds from distributions from investment partnerships	8,339	-
Proceeds from refund of leasehold and guarantee deposits	122	3,265
Net cash provided by (used in) investing activities	(314,407)	(71,541)
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,060,894	533,142
Proceeds from exercise of employee share options	-	12
Purchase of treasury shares	-	(2)
Proceeds from issuance of share acquisition rights	-	15,915
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	-	1,300,000
Payments for retirement by purchase of share acquisition rights	(5,159)	(5,807)
Net cash provided by (used in) financing activities	1,055,735	1,843,260
Effect of exchange rate change on cash and cash equivalents	185,703	79,340
Net increase (decrease) in cash and cash equivalents	(3,271,370)	(2,400,738)
Cash and cash equivalents at beginning of period	10,969,684	4,092,160
Cash and cash equivalents at end of period	7,698,313	1,691,421

Main pipeline products

Approval process

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
	USA	Mitsubishi Tanabe Pharma Corporation (JP) <i>Marketing Rights</i>	Injection	Arteriosclerosis obliterans with lower limb ulcer	Phase II b Completed
	Israel	Kamada	Injection	Chronic arterial occlusive disease with lower limb ulcer	—
	Turkey	Er-Kim	Injection	Chronic arterial occlusive disease with lower limb ulcer	—
NF-κB Decoy Oligonucleotide	Japan	-	Injection	Chronic discogenic lumbar back pain	Phase II
DNA Vaccine	Australia	-	Injection	Hypertension	Phase I / II a Completed
DNA Vaccine	USA	-	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)	Approved

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/>