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**Consolidated Financial Report
for the Fiscal Year 2022 (Unaudited)(Japan GAAP)
AnGes, Inc. <https://www.anges.co.jp/en/>**

Listings: Growth 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 Fiscal Year 2022 (From Jan. 1, 2022 to Dec. 31, 2022)

(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	%
FY2022	67	4.5	(16,316)	—	(14,610)	—	(14,714)	—
FY2021	64	60.4	(15,632)	—	(13,588)	—	(13,675)	—

*Comprehensive Income FY2022 : (11,794) million yen FY2021 : (11,547) million yen

	Net loss per share	Diluted net loss per share	Return on Equity	Return on asset	Operating profit ratio
	Yen	Yen	%	%	%
FY2022	(94.29)	—	(42.7)	(34.7)	(24,331.2)
FY2021	(92.86)	—	(38.5)	(32.4)	(24,368.6)

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Dec. 31, 2022	38,820	30,425	78.1	169.77
Dec. 31, 2021	45,455	38,634	84.8	251.81

*Shareholder's equity Dec. 31, 2022 : 30,324 million yen Dec. 31, 2021 : 38,545 million yen

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, at end
	Million yen	Million yen	Million yen	Million yen
FY2022	(11,214)	(97)	3,572	10,969
FY2021	(11,380)	(154)	17,378	17,835

2. Dividend

	Dividend per share					Dividend (Total)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q	2Q	3Q	4Q	Full-year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2021	—	0.00	—	0.00	0.00	—	—	—
FY 2022	—	0.00	—	0.00	0.00	—	—	—
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)	—	(55.98)

Notes:

(1) Change of reporting entities (change of condition of significant consolidated subsidiaries) : None

(2) 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

(3) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding (including treasury shares)	Dec. 31, 2022	178,623,900 shares	Dec. 31, 2021	153,072,400 shares
2) Number of treasury shares	Dec. 31, 2022	92 shares	Dec. 31, 2021	92 shares
3) Average number of shares issued and outstanding	FY2022	156,052,874 shares	FY2021	147,273,490 shares

(Reference) Summary of Nonconsolidated Financial Reports

1. Business Results for the Fiscal Year 2022 (From Jan. 1, 2022 to Dec. 31, 2022)

(1) Results of Operations (Percentages indicate changes from the previous term)

	Revenues		Operating loss		Ordinary loss		Net loss	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022	67	4.5	(9,691)	—	(8,001)	—	(8,115)	—
FY2021	64	60.4	(10,039)	—	(7,932)	—	(8,086)	—

	Net loss per share	Diluted net loss per share
	Yen	Yen
FY2022	(52.00)	—
FY2021	(54.91)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Dec. 31, 2022	40,718	34,141	83.6	190.57
Dec. 31, 2021	44,879	38,688	86.0	252.16

*Shareholder's equity Dec. 31, 2022 : 34,040 million yen Dec. 31, 2021 : 38,599 million yen

*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, 2021	December 31, 2022
Assets		
Current assets		
Cash and deposits	17,899,341	11,035,102
Accounts receivable - trade	10,264	9,887
Finished goods	29,120	3,453
Raw materials and supplies	1,194,629	1,004,996
Advance payments to suppliers	1,714,027	303,436
Prepaid expenses	89,435	91,734
Consumption taxes refund receivable	419,878	392,081
Other	69,446	55,766
Total current assets	21,426,143	12,896,458
Non-current assets		
Property, plant and equipment		
Buildings	202,299	209,531
Accumulated depreciation	(23,566)	(128,082)
Buildings, net	178,733	81,448
Tools, furniture and fixtures	83,400	71,195
Accumulated depreciation	(68,805)	(59,941)
Tools, furniture and fixtures, net	14,594	11,253
Right of use assets	-	1,318,216
Total property, plant and equipment	193,328	1,410,919
Intangible assets		
Goodwill	22,675,739	23,254,472
Total intangible assets	22,675,739	23,254,472
Investments and other assets		
Investment securities	878,706	921,573
Leasehold and guarantee deposits	97,834	97,969
Deferred tax assets	110,510	158,067
Other	73,484	81,252
Total investments and other assets	1,160,535	1,258,862
Total non-current assets	24,029,603	25,924,253
Total assets	45,455,746	38,820,711

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

	December 31, 2021	December 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	720,706	553,252
Accounts payable - other	636,748	590,301
Accrued expenses	80,363	90,094
Income taxes payable	134,319	148,339
Advances received	5,119,753	5,764,004
Deposits received	41,542	16,865
Lease liabilities	-	160,743
Total current liabilities	6,733,433	7,323,600
Non-current liabilities		
Deferred tax liabilities	19,097	12,416
Asset retirement obligations	68,474	64,317
Lease liabilities	-	994,969
Total non-current liabilities	87,571	1,071,704
Total liabilities	6,821,005	8,395,304
Net assets		
Shareholders' equity		
Share capital	33,359,568	35,146,368
Capital surplus	15,680,893	17,467,693
Retained earnings	(12,435,475)	(27,150,247)
Treasury shares	(31)	(31)
Total shareholders' equity	36,604,955	25,463,783
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	36,441	19,396
Foreign currency translation adjustment	1,904,012	4,841,242
Total accumulated other comprehensive income	1,940,453	4,860,639
Share acquisition rights	89,332	100,984
Total net assets	38,634,741	30,425,406
Total liabilities and net assets	45,455,746	38,820,711

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

	The Fiscal Year	
	(From Jan. 1 to Dec.31)	
	2021	2022
Business revenues		
Net sales of finished goods	34,669	11,614
Commission income	29,478	55,446
Total business revenues	<u>64,148</u>	<u>67,061</u>
Business expenses		
Cost of sales	56,721	93,889
Research and development expenses	10,783,813	10,999,325
Selling, general and administrative expenses	4,855,698	5,290,649
Total business expenses	<u>15,696,233</u>	<u>16,383,864</u>
Operating loss	<u>(15,632,085)</u>	<u>(16,316,803)</u>
Non-operating income		
Interest income	566	1,830
Foreign exchange gains	599,611	1,322,156
Subsidy income	1,500,850	393,514
Commission income	13,212	9,768
Gain on investments in investment partnerships	26,343	-
Miscellaneous income	466	6,235
Total non-operating income	<u>2,141,051</u>	<u>1,733,506</u>
Non-operating expenses		
Share issuance costs	96,141	24,949
Loss on investments in investment partnerships	-	806
Share acquisition rights issuance costs	1,798	962
Total non-operating expenses	<u>97,939</u>	<u>26,718</u>
Ordinary loss	<u>(13,588,973)</u>	<u>(14,610,015)</u>
Extraordinary income		
Gain on reversal of share acquisition rights	32,844	3,870
Total extraordinary income	<u>32,844</u>	<u>3,870</u>
Extraordinary losses		
Impairment losses	-	104,800
Loss on valuation of investment securities	179,165	6,048
Total extraordinary losses	<u>179,165</u>	<u>110,849</u>
Loss before income taxes	<u>(13,735,294)</u>	<u>(14,716,994)</u>
Income taxes - current	21,699	37,481
Income taxes - refund	(4,091)	(328)
Income taxes - deferred	(77,315)	(39,375)
Total income taxes	<u>(59,706)</u>	<u>(2,222)</u>
Loss	<u>(13,675,587)</u>	<u>(14,714,772)</u>
Loss attributable to owners of parent	<u>(13,675,587)</u>	<u>(14,714,772)</u>

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

	The Fiscal Year	
	(From Jan. 1 to Dec.31)	
	2021	2022
Loss	(13,675,587)	(14,714,772)
Other comprehensive income		
Valuation difference on available-for-sale securities	(22,753)	(17,044)
Foreign currency translation adjustment	2,150,484	2,937,230
Total other comprehensive income	2,127,731	2,920,185
Comprehensive income	(11,547,856)	(11,794,586)
Comprehensive income attributable to		
owners of parent	(11,547,856)	(11,794,586)
non-controlling interests	-	-

AnGes, Inc
Consolidated Statements of Changes in Net Assets
(In thousands of yen)
(Unaudited)

The Fiscal Year 2021 (From Jan.1 to Dec.31, 2021)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	24,612,076	22,756,406	(14,644,009)	(30)	32,724,444
Changes during period					
Issuance of new shares - exercise of share acquisition rights	8,747,492	8,747,491			17,494,983
Capital reduction		(15,884,121)			(15,884,121)
Deficit disposition			15,884,121		15,884,121
Capital increase of consolidated subsidiaries		61,116			61,116
Loss attributable to owners of parent			(13,675,587)		(13,675,587)
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					-
Total changes during period	8,747,492	(7,075,513)	2,208,534	(1)	3,880,511
Balance at end of period	33,359,568	15,680,893	(12,435,475)	(31)	36,604,955

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	59,194	(246,472)	(187,277)	142,508	32,679,675
Changes during period					
Issuance of new shares - exercise of share acquisition rights					17,494,983
Capital reduction					(15,884,121)
Deficit disposition					15,884,121
Capital increase of consolidated subsidiaries					61,116
Loss attributable to owners of parent					(13,675,587)
Purchase of treasury shares					(1)
Net changes in items other than shareholders' equity	(22,753)	2,150,484	2,127,731	(53,176)	2,074,555
Total changes during period	(22,753)	2,150,484	2,127,731	(53,176)	5,955,066
Balance at end of period	36,441	1,904,012	1,940,453	89,332	38,634,741

AnGes, Inc
Consolidated Statements of Changes in Net Assets
(In thousands of yen)
(Unaudited)

The Fiscal Year 2022 (From Jan.1 to Dec.31, 2022)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	33,359,568	15,680,893	(12,435,475)	(31)	36,604,955
Changes during period					
Issuance of new shares - exercise of share acquisition rights	1,786,799	1,786,799			3,573,599
Capital reduction					-
Deficit disposition					-
Capital increase of consolidated subsidiaries					-
Loss attributable to owners of parent			(14,714,772)		(14,714,772)
Purchase of treasury shares					-
Net changes in items other than shareholders' equity					-
Total changes during period	1,786,799	1,786,799	(14,714,772)	-	(11,141,172)
Balance at end of period	35,146,368	17,467,693	(27,150,247)	(31)	25,463,783

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	36,441	1,904,012	1,940,453	89,332	38,634,741
Changes during period					
Issuance of new shares - exercise of share acquisition rights					3,573,599
Capital reduction					-
Deficit disposition					-
Capital increase of consolidated subsidiaries					-
Loss attributable to owners of parent					(14,714,772)
Purchase of treasury shares					-
Net changes in items other than shareholders' equity	(17,044)	2,937,230	2,920,185	11,652	2,931,837
Total changes during period	(17,044)	2,937,230	2,920,185	11,652	(8,209,334)
Balance at end of period	19,396	4,841,242	4,860,639	100,984	30,425,406

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

	The Fiscal Year	
	(From Jan. 1 to Dec.31)	
	2021	2022
Cash flows from operating activities		
Loss before income taxes	(13,735,294)	(14,716,994)
Depreciation	18,709	18,235
Impairment losses	-	104,800
Amortization of goodwill	2,407,372	2,883,589
Interest income	(566)	(1,830)
Foreign exchange losses (gains)	(513,478)	(1,331,189)
Loss (gain) on investments in investment partnerships	(26,343)	806
Loss (gain) on valuation of investment securities	179,165	6,048
Share issuance costs	95,991	24,904
Share-based payment expenses	60,653	-
Gain on reversal of share acquisition rights	(32,844)	(3,870)
Decrease (increase) in trade receivables	2,433	377
Decrease (increase) in inventories	(32,450)	215,300
Increase (decrease) in trade payables	198,269	(185,011)
Decrease (increase) in advance payments to suppliers	(653,372)	1,413,401
Increase (decrease) in accounts payable - other	(655,797)	(130,994)
Increase (decrease) in accrued expenses	4,213	(1,694)
Increase (decrease) in advances received	1,525,221	644,251
Decrease (increase) in consumption taxes refund receivable	(139,533)	27,822
Decrease (increase) in other current assets	(64,713)	40,340
Decrease (increase) in other non-current assets	(3,947)	4,647
Increase (decrease) in other current liabilities	(8,988)	145,372
Increase (decrease) in other non-current liabilities	22,716	(324,821)
Subtotal	<u>(11,352,583)</u>	<u>(11,166,507)</u>
Interest received	566	1,830
Income taxes paid	(32,621)	(49,569)
Income taxes refund	4,091	-
Net cash provided by (used in) operating activities	<u>(11,380,546)</u>	<u>(11,214,246)</u>

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

	The Fiscal Year	
	(From Jan. 1 to Dec.31)	
	2021	2022
Cash flows from investing activities		
Payments into restricted cash	(60,804)	-
Purchase of investment securities	-	(74,140)
Purchase of property, plant and equipment	(80,221)	(19,569)
Payments of leasehold and guarantee deposits	(17,375)	(4,431)
Proceeds from refund of leasehold and guarantee deposits	3,528	1,000
Net cash provided by (used in) investing activities	<u>(154,873)</u>	<u>(97,141)</u>
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	17,280,766	3,521,621
Proceeds from exercise of employee share options	24	1
Payments for issuance of shares	(319)	-
Purchase of treasury shares	(1)	-
Proceeds from issuance of share acquisition rights	98,200	50,920
Net cash provided by (used in) financing activities	<u>17,378,670</u>	<u>3,572,543</u>
Effect of exchange rate change on cash and cash equivalents	455,425	872,824
Net increase (decrease) in cash and cash equivalents	6,298,675	(6,866,020)
Cash and cash equivalents at beginning of period	<u>11,537,028</u>	<u>17,835,704</u>
Cash and cash equivalents at end of period	17,835,704	10,969,684

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	-	Chronic arterial occlusive disease with lower limb ulcer	New drug application
	Turkey	Er-Kim	-	Chronic arterial occlusive disease with lower limb ulcer	Preparing for application
NF-κB Decoy Oligonucleotide	USA	-	Injection	Chronic disconegetic lumber back pain	Phase I Completed
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)	-	Novel coronavirus (COVID-19) /ARDS	Phase II a
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/>