



February 20, 2017

AnGes MG, Inc.

Announcement Regarding Decrease in the Amount of Stated Capital and Capital Reserve and Appropriation of Surplus

AnGes MG Inc. (“AnGes”) today announced that a meeting of its Board of Directors held today resolved to refer the proposal for the decrease in the amount of stated capital and capital reserve and the appropriation of surplus to the 18th annual general meeting of shareholders to be held on March 30, 2017. The following is a summary of the announcement.

1. Purpose of decrease in the amount of stated capital and capital reserve and appropriation of surplus
AnGes recorded a deficit in retained earnings brought forward of 29,427,742 thousand yen as of December 31, 2016.

As a part of the financial strategy for the appropriate implementation of AnGes’ future growth strategy, the amount of stated capital and capital reserve shall be decreased according to the provisions of Paragraph 1, Article 447 and Paragraph 1, Article 448 of the Companies Act, and the surplus shall be disposed of according to the provisions of Article 452 of the Companies Act for the purpose of making up the deficit above, correcting the capital structure, putting the finances on a healthy footing and thereby securing the agility and flexibility of capital policy as well as holding down the tax base, among other purposes.

In addition, the capital decrease under this proposal will be conducted without a refund. The total number of issued shares will not be changed in the decrease in the amount of stated capital and capital reserve. Accordingly, it will not have an impact on the number of shares held by the shareholders. In addition, the decrease in the amount of stated capital and capital reserve will not change the amount of net assets and the total number of issued shares of AnGes. As a result, the amount of net assets per share will not be changed either.

2. Summary of decrease in the amount of stated capital and capital reserve

According to the provisions of Paragraph 1, Article 447 and Paragraph 1, Article 448 of the Companies Act, the amount of stated capital and capital reserve shall be decreased and transferred to other capital surplus.

(1) Amount of stated capital and capital reserve to be decreased

Stated capital: 13,465,812,291 yen of the total stated capital of 17,651,190,323 yen

Capital reserve: 15,961,930,203 yen of the total capital reserve of 15,961,930,203 yen

(2) Amount of other capital surplus to be increased

Other capital surplus: 29,427,742,494 yen

3. Summary of appropriation of surplus

According to the provisions of Article 452 of the Companies Act, subject to the condition that the decrease in the amount of stated capital and capital reserve as described in Section 2 above shall become effective, the other capital surplus of 29,427,742,494 yen shall be decreased and transferred to retained earnings brought forward in full to make up the deficit.

(1) Other capital surplus to be decreased

Other capital surplus: 29,427,742,494 yen

(2) Amount of retained earnings brought forward to be increased

Retained earnings brought forward: 29,427,742,494 yen

4. Net assets after decrease in the amount of stated capital and capital reserve and appropriation of surplus

(In thousand yen)

Item	As of December 31, 2016	After decrease and appropriation*
Shareholders' equity	4,185,354	4,185,354
Stated capital	17,651,190	4,185,378
Capital surplus	15,961,930	—
Capital reserve	15,961,930	—
Retained earnings	△ 29,427,742	—
Other retained earnings	△ 29,427,742	—
Retained earnings brought forward	△ 29,427,742	—
Treasury stock	△ 23	△ 23
Valuation/translation difference, etc.	△ 416,779	△ 416,779
Other marketable securities valuation difference	△ 416,779	△ 416,779
Stock acquisition rights	9,322	9,322
Total net assets	3,777,897	3,777,897

*AnGes issued the 29th series of stock acquisition rights (private placement) (with an option to revise the exercise price) (hereinafter the "Stock Acquisition Rights") in the number of 80,000 options (for 8,000,000 shares) on January 4, 2017, and received the payment of the issue price in full (22,400,000

yen). In addition, of the Stock Acquisition Rights, 20,000 options (for 2,000,000 shares) have been exercised to date, and AnGes received payment of 446,575,000 yen. Accordingly, of the total sum of the amount corresponding to the Stock Acquisition Rights exercised (5,600,000 yen) of the total issue price for the Stock Acquisition Rights and the amount paid in upon the exercise of the Stock Acquisition Rights, 452,175,000 yen, 226,087,500 yen is posed as stated capital and 226,087,500 yen is posted as capital reserve. However, these amounts are not included in the figures shown in the table above.

5. Schedule (subject to change)

- (1) Date of resolution by the Board of Directors: February 20, 2017
- (2) Date of resolution by the general meeting of shareholders: March 30, 2017 (scheduled)
- (3) Date of public notice for objections that creditors may make: March 31, 2017 (scheduled)
- (4) Final date for objections that creditors may make: April 30, 2017 (scheduled)
- (5) Effective date: May 1, 2017 (scheduled)

6. Future outlook

This processing is a transfer between items of account under “net assets” with no change in the amount of net assets of AnGes, and thus it will have no impact on the results. In addition, this processing is subject to the approval of the 18th annual general meeting of shareholders to be held on March 30, 2017.

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Disclaimer: This is a translation of a news release published in Japanese. In the event of any deviations between the two language versions, the original document in Japanese shall take precedence.

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