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Consolidated Financial Report for the Fiscal Year 2023 (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 2023 (From Jan. 1, 2023 to Dec. 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	%
FY2023	152	128.1	(11,967)	—	(5,651)	—	(7,036)	—
FY2022	67	4.5	(16,316)	—	(14,610)	—	(14,714)	—

*Comprehensive Income FY2023 : (5,977) million yen FY2022 : (11,794) million yen

	Net loss per share	Diluted net loss per share	Return on Equity	Return on asset	Operating profit ratio
	Yen	Yen	%	%	%
FY2023	(37.17)	—	(24.8)	(16.6)	(7,822.6)
FY2022	(94.29)	—	(42.7)	(34.7)	(24,331.2)

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Dec. 31, 2023	29,070	26,507	90.9	133.08
Dec. 31, 2022	38,820	30,425	78.1	169.77

*Shareholder's equity Dec. 31, 2023 : 26,412 million yen Dec. 31, 2022 : 30,324 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
FY2023	(8,745)	(356)	2,036	4,092
FY2022	(11,214)	(97)	3,572	10,969

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 2022	—	0.00	—	0.00	0.00	—	—	—
FY 2023	—	0.00	—	0.00	0.00	—	—	—
FY 2024 (Forecast)	—	0.00	—	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	530	246.4	(8,500)	—	(8,500)	—	(8,700)	—	(43.84)

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, 2023	198,470,300 shares	Dec. 31, 2022	178,623,900 shares
2) Number of treasury shares	Dec. 31, 2023	92 shares	Dec. 31, 2022	92 shares
3) Average number of shares issued and outstanding	FY2023	189,276,689 shares	FY2022	156,052,874 shares

(Reference) Summary of Nonconsolidated Financial Reports

1. Business Results for the Fiscal Year 2023 (From Jan. 1, 2023 to Dec. 31, 2023)

(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	%
FY2023	138	107.2	(4,801)	—	1,989	—	1,067	—
FY2022	67	4.5	(9,691)	—	(8,001)	—	(8,115)	—

	Net loss per share	Diluted net loss per share
	Yen	Yen
FY2023	5.64	5.49
FY2022	(52.00)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Dec. 31, 2023	38,691	37,266	96.1	187.33
Dec. 31, 2022	40,718	34,141	83.6	190.57

*Shareholder's equity Dec. 31, 2023 : 37,179 million yen Dec. 31, 2022 : 34,040 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, 2022	December 31, 2023
Assets		
Current assets		
Cash and deposits	11,035,102	4,160,424
Accounts receivable - trade	9,887	26,534
Finished goods	3,453	97,655
Raw materials and supplies	1,004,996	1,468,481
Advance payments to suppliers	303,436	227,216
Prepaid expenses	91,734	85,906
Consumption taxes refund receivable	392,081	-
Other	55,766	32,599
Total current assets	12,896,458	6,098,818
Non-current assets		
Property, plant and equipment		
Buildings	209,531	220,842
Accumulated depreciation and impairment	(128,082)	(135,121)
Buildings, net	81,448	85,721
Tools, furniture and fixtures	71,195	149,893
Accumulated depreciation and impairment	(59,941)	(80,224)
Tools, furniture and fixtures, net	11,253	69,669
Right of use assets	1,318,216	267,728
Total property, plant and equipment	1,410,919	423,118
Intangible assets		
Goodwill	23,254,472	21,746,086
Total intangible assets	23,254,472	21,746,086
Investments and other assets		
Investment securities	921,573	355,545
Leasehold and guarantee deposits	97,969	102,056
Deferred tax assets	158,067	342,944
Other	81,252	1,509
Total investments and other assets	1,258,862	802,055
Total non-current assets	25,924,253	22,971,260
Total assets	38,820,711	29,070,078

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

	December 31, 2022	December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	553,252	426,447
Accounts payable - other	590,301	474,522
Accrued expenses	90,094	36,947
Provision for Business Restructuring	-	331,029
Accrued consumption taxes	-	93,258
Income taxes payable	148,339	103,147
Advances received	5,764,004	637,550
Deposits received	16,865	15,434
Lease liabilities	160,743	147,726
Total current liabilities	7,323,600	2,266,062
Non-current liabilities		
Deferred tax liabilities	12,416	16,827
Asset retirement obligations	64,317	64,430
Lease liabilities	994,969	214,949
Total non-current liabilities	1,071,704	296,207
Total liabilities	8,395,304	2,562,269
Net assets		
Shareholders' equity		
Share capital	35,146,368	35,053,890
Capital surplus	17,467,693	3,423,721
Retained earnings	(27,150,247)	(17,984,277)
Treasury shares	(31)	(31)
Total shareholders' equity	25,463,783	20,493,302
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,396	24,757
Foreign currency translation adjustment	4,841,242	5,894,512
Total accumulated other comprehensive income	4,860,639	5,919,270
Share acquisition rights	100,984	95,236
Total net assets	30,425,406	26,507,809
Total liabilities and net assets	38,820,711	29,070,078

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

	The Fiscal Year (From Jan. 1 to Dec.31)	
	2022	2023
Business revenues		
Net sales of finished goods	11,614	23,242
Commission income	55,446	115,677
Research and development revenues	-	14,066
Total business revenues	67,061	152,985
Business expenses		
Cost of sales	93,889	133,540
Research and development expenses	10,999,325	6,172,944
Selling, general and administrative expenses	5,290,649	5,814,005
Total business expenses	16,383,864	12,120,490
Operating loss	(16,316,803)	(11,967,504)
Non-operating income		
Interest income	1,830	8,413
Foreign exchange gains	1,322,156	745,049
Subsidy income	393,514	5,551,319
Commission income	9,768	23,702
Gain on investments in investment partnerships	-	8,010
Miscellaneous income	6,235	0
Total non-operating income	1,733,506	6,336,495
Non-operating expenses		
Share issuance costs	24,949	20,217
Loss on investments in investment partnerships	806	-
Share acquisition rights issuance costs	962	-
Total non-operating expenses	26,718	20,217
Ordinary loss	(14,610,015)	(5,651,225)
Extraordinary income		
Gain on reversal of share acquisition rights	3,870	3,096
Total extraordinary income	3,870	3,096
Extraordinary losses		
Impairment losses	104,800	-
Loss on valuation of investment securities	6,048	851,105
Business structural reform expenses	-	503,623
Loss on valuation of other investments	-	67,223
Total extraordinary losses	110,849	1,421,952
Loss before income taxes	(14,716,994)	(7,070,082)
Income taxes - current	37,481	142,750
Income taxes - refund	(328)	(1,439)
Income taxes - deferred	(39,375)	(175,118)
Total income taxes	(2,222)	(33,807)
Loss	(14,714,772)	(7,036,275)
Loss attributable to owners of parent	(14,714,772)	(7,036,275)

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

	The Fiscal Year	
	(From Jan. 1 to Dec.31)	
	2022	2023
Loss	(14,714,772)	(7,036,275)
Other comprehensive income		
Valuation difference on available-for-sale securities	(17,044)	5,360
Foreign currency translation adjustment	2,937,230	1,053,269
Total other comprehensive income	2,920,185	1,058,630
Comprehensive income	(11,794,586)	(5,977,644)
Comprehensive income attributable to:		
owners of parent	(11,794,586)	(5,977,644)
non-controlling interests	-	-

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					-
Loss attributable to owners of parent			(14,714,772)		(14,714,772)
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					-
Loss attributable to owners of parent					(14,714,772)
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 Changes in Net Assets
(In thousands of yen)
(Unaudited)

The Fiscal Year 2023 (From Jan.1 to Dec.31, 2023)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	35,146,368	17,467,693	(27,150,247)	(31)	25,463,783
Changes during period					
Issuance of new shares - exercise of share acquisition rights	1,032,897	1,032,897			2,065,794
Capital reduction	(1,125,375)	1,125,375			-
Deficit disposition		(16,202,244)	16,202,244		-
Loss attributable to owners of parent			(7,036,275)		(7,036,275)
Net changes in items other than shareholders' equity					-
Total changes during period	(92,478)	(14,043,971)	9,165,969	-	(4,970,480)
Balance at end of period	35,053,890	3,423,721	(17,984,277)	(31)	20,493,302

	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	19,396	4,841,242	4,860,639	100,984	30,425,406
Changes during period					
Issuance of new shares - exercise of share acquisition rights					2,065,794
Capital reduction					-
Deficit disposition					-
Loss attributable to owners of parent					(7,036,275)
Net changes in items other than shareholders' equity	5,360	1,053,269	1,058,630	(5,747)	1,052,883
Total changes during period	5,360	1,053,269	1,058,630	(5,747)	(3,917,597)
Balance at end of period	24,757	5,894,512	5,919,270	95,236	26,507,809

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

	The Fiscal Year	
	(From Jan. 1 to Dec.31)	
	2022	2023
Cash flows from operating activities		
Loss before income taxes	(14,716,994)	(7,070,082)
Depreciation	18,235	27,884
Impairment losses	104,800	-
Amortization of goodwill	2,883,589	3,081,173
Interest income	(1,830)	(8,413)
Foreign exchange losses (gains)	(1,331,189)	(714,582)
Loss (gain) on investments in investment partnerships	806	(8,010)
Loss (gain) on valuation of investment securities	6,048	851,105
Valuation loss of other investments	-	67,223
Share issuance costs	24,904	20,217
Share-based payment expenses	-	42,427
Gain on reversal of share acquisition rights	(3,870)	(3,096)
Decrease (increase) in trade receivables	377	(16,647)
Decrease (increase) in inventories	215,300	(557,687)
Increase (decrease) in trade payables	(185,011)	(137,490)
Decrease (increase) in advance payments to suppliers	1,413,401	87,636
Increase/decrease in consumption taxes payable /consumption taxes refund receivable	27,822	485,365
Increase (decrease) in accounts payable - other	(130,994)	(149,211)
Increase (decrease) in accrued expenses	(1,694)	(58,514)
Increase (decrease) in provision for business restructuring	-	328,321
Increase (decrease) in advances received	644,251	(5,126,454)
Decrease (increase) in other current assets	40,340	14,719
Decrease (increase) in other non-current assets	4,647	(5,437)
Increase (decrease) in other current liabilities	145,372	(108,896)
Increase (decrease) in other non-current liabilities	(324,821)	290,403
Subtotal	<u>(11,166,507)</u>	<u>(8,668,045)</u>
Interest received	1,830	8,413
Income taxes paid	(49,569)	(87,567)
Income taxes refund	-	1,439
Net cash provided by (used in) operating activities	<u>(11,214,246)</u>	<u>(8,745,759)</u>

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

	The Fiscal Year	
	(From Jan. 1 to Dec.31)	
	2022	2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,569)	(89,331)
Purchase of investment securities	(74,140)	(275,679)
Proceeds from distributions from investment partnerships	-	8,339
Payments of leasehold and guarantee deposits	(4,431)	(104)
Proceeds from refund of leasehold and guarantee deposits	1,000	122
Net cash provided by (used in) investing activities	(97,141)	(356,653)
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	3,521,621	2,033,131
Proceeds from exercise of employee share options	1	10
Proceeds from issuance of share acquisition rights	50,920	8,481
Payments for retirement by purchase of subscription rights to shares	-	(5,159)
Net cash provided by (used in) financing activities	3,572,543	2,036,465
Effect of exchange rate change on cash and cash equivalents	872,824	188,424
Net increase (decrease) in cash and cash equivalents	(6,866,020)	(6,877,523)
Cash and cash equivalents at beginning of period	17,835,704	10,969,684
Cash and cash equivalents at end of period	10,969,684	4,092,160

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	Application for approval

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	Japan	-	Injection	Chronic disconegetic lumber 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/>