

## Consolidated Financial Report for the Second Quarter 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 Second Quarter 2023 (From Jan. 1, 2023 to Jun. 30, 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	%
2Q 2023	51	60.7	(5,951)	—	(4,776)	—	(4,830)	—
2Q 2022	31	38.1	(9,124)	—	(7,420)	—	(7,425)	—

\*Comprehensive Income 2Q 2023 : (3,635) million yen 2Q 2022 : (4,121) million yen

	Net loss per share	Diluted net loss per share
	Yen	Yen
2Q 2023	(26.09)	—
2Q 2022	(48.51)	—

##### (2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Jun. 30, 2023	36,790	27,887	75.5
Dec. 31, 2022	38,820	30,425	78.1

\*Shareholder's equity Jun. 30, 2023 : 27,767 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	—	0.00			
FY 2023 (Forecast)			—	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	(13,500)	—	(7,500)	—	(7,500)	—	(40.29)

\*Change of earnings forecast from the most recent release: Applicable

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)	Jun. 30, 2023	187,223,900 shares	Dec. 31, 2022	178,623,900 shares
2) Number of treasury shares	Jun. 30, 2023	92 shares	Dec. 31, 2022	92 shares
3) Average number of shares issued and outstanding	2Q 2023	185,101,985 shares	2Q 2022	153,073,029 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)

	<b>December 31, 2022</b>	<b>June 30, 2023</b>
<b>Assets</b>		
Current assets		
Cash and deposits	11,035,102	7,766,581
Accounts receivable - trade	9,887	23,147
Finished goods	3,453	105,682
Raw materials and supplies	1,004,996	1,439,792
Advance payments to suppliers	303,436	286,626
Prepaid expenses	91,734	74,882
Consumption taxes refund receivable	392,081	97,954
Other	55,766	50,114
<b>Total current assets</b>	<b>12,896,458</b>	<b>9,844,782</b>
Non-current assets		
Property, plant and equipment		
Buildings	209,531	218,250
Accumulated depreciation	(128,082)	(131,605)
Buildings, net	81,448	86,644
Tools, furniture and fixtures	71,195	110,258
Accumulated depreciation	(59,941)	(68,833)
Tools, furniture and fixtures, net	11,253	41,424
Right of use asset	1,318,216	1,419,909
<b>Total property, plant and equipment</b>	<b>1,410,919</b>	<b>1,547,979</b>
Intangible assets		
Goodwill	23,254,472	23,820,172
<b>Total intangible assets</b>	<b>23,254,472</b>	<b>23,820,172</b>
Investments and other assets		
Investment securities	921,573	1,221,475
Leasehold and guarantee deposits	97,969	98,378
Deferred tax assets	158,067	167,919
Other	81,252	90,049
<b>Total investments and other assets</b>	<b>1,258,862</b>	<b>1,577,823</b>
<b>Total non-current assets</b>	<b>25,924,253</b>	<b>26,945,974</b>
<b>Total assets</b>	<b>38,820,711</b>	<b>36,790,757</b>

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

	<b>December 31, 2022</b>	<b>June 30, 2023</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	553,252	481,565
Accounts payable - other	590,301	555,314
Accrued expenses	90,094	125,626
Income taxes payable	148,339	95,644
Advances received	5,764,004	6,401,554
Deposits received	16,865	13,908
Lease liabilities	160,743	137,631
Total current liabilities	7,323,600	7,811,244
Non-current liabilities		
Deferred tax liabilities	12,416	19,585
Asset retirement obligations	64,317	64,374
Lease liabilities	994,969	1,008,212
Total non-current liabilities	1,071,704	1,092,171
Total liabilities	8,395,304	8,903,416
<b>Net assets</b>		
Shareholders' equity		
Share capital	35,146,368	34,559,954
Capital surplus	17,467,693	2,929,786
Retained earnings	(27,150,247)	(15,778,037)
Treasury shares	(31)	(31)
Total shareholders' equity	25,463,783	21,711,672
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,396	36,876
Foreign currency translation adjustment	4,841,242	6,018,646
Total accumulated other comprehensive income	4,860,639	6,055,522
Share acquisition rights	100,984	120,146
Total net assets	30,425,406	27,887,341
Total liabilities and net assets	38,820,711	36,790,757

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

	<b>The Second Quarter</b> <b>(From Jan. 1 to Jun.30)</b>	
	<b>2022</b>	<b>2023</b>
<b>Business revenues</b>		
Net sales of finished goods	3,854	11,575
Commission income	28,032	39,650
Total business revenues	31,886	51,226
<b>Business expenses</b>		
Cost of sales	36,733	58,333
Research and development expenses	6,617,164	3,164,114
Selling, general and administrative expenses	2,502,524	2,780,025
Total business expenses	9,156,423	6,002,473
Operating loss	(9,124,536)	(5,951,247)
<b>Non-operating income</b>		
Interest income	1,226	7,674
Foreign exchange gains	1,489,712	1,089,771
Subsidy income	202,737	74,256
Commission income	5,112	4,175
Gain on investments in investment partnerships	-	6,511
Miscellaneous income	6,170	0
Total non-operating income	1,704,958	1,182,390
<b>Non-operating expenses</b>		
Interest expenses	0	-
Share issuance costs	44	7,770
Loss on investments in investment partnerships	673	-
Total non-operating expenses	718	7,770
<b>Ordinary loss</b>	(7,420,296)	(4,776,627)
<b>Extraordinary losses</b>		
Loss on valuation of investment securities	-	1,117
Total extraordinary losses	-	1,117
Loss before income taxes	(7,420,296)	(4,777,745)
Income taxes - current	9,805	54,211
Income taxes - deferred	(4,255)	(1,922)
Total income taxes	5,550	52,289
Loss	(7,425,846)	(4,830,034)
Loss attributable to owners of parent	(7,425,846)	(4,830,034)

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

	<b>The Second Quarter</b>	
	<b>(From Jan. 1 to Jun.30)</b>	
	<b>2022</b>	<b>2023</b>
Loss	(7,425,846)	(4,830,034)
Other comprehensive income		
Valuation difference on available-for-sale securities	(11,974)	17,479
Foreign currency translation adjustment	3,316,360	1,177,403
Total other comprehensive income	3,304,386	1,194,883
Comprehensive income	(4,121,460)	(3,635,151)
Comprehensive income attributable to		
owners of parent	(4,121,460)	(3,635,151)
non-controlling interests	-	-

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

	<b>The Second Quarter</b> <b>(From Jan. 1 to Jun.30)</b>	
	<b>2022</b>	<b>2023</b>
<b>Cash flows from operating activities</b>		
Loss before income taxes	(7,420,296)	(4,777,745)
Depreciation	9,760	12,239
Amortization of goodwill	1,348,807	1,478,485
Interest income	(1,226)	(7,674)
Interest expenses	0	-
Foreign exchange losses (gains)	(1,562,625)	(1,046,977)
Loss (gain) on investments in investment partnerships	673	(6,511)
Loss (gain) on valuation of investment securities	-	1,117
Share issuance costs	-	7,770
Share-based payment expenses	-	33,373
Decrease (increase) in trade receivables	2,757	(13,260)
Decrease (increase) in inventories	(444,382)	(537,025)
Increase (decrease) in trade payables	781,386	(93,680)
Decrease (increase) in advance payments to suppliers	1,179,592	32,210
Decrease (increase) in consumption taxes refund receivable	198,536	294,139
Increase (decrease) in accounts payable - other	(241,338)	(72,830)
Increase (decrease) in accrued expenses	8,294	26,751
Increase (decrease) in advances received	644,251	637,550
Decrease (increase) in other current assets	77,548	23,492
Decrease (increase) in other non-current assets	(395)	(1,548)
Increase (decrease) in other current liabilities	(33,062)	(87,417)
Increase (decrease) in other non-current liabilities	(4,213)	(54,420)
Subtotal	(5,455,931)	(4,151,961)
Interest received	1,226	7,674
Interest paid	(0)	-
Income taxes paid	(29,281)	(54,115)
Net cash provided by (used in) operating activities	(5,483,987)	(4,198,402)

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

	<b>The Second Quarter</b> <b>(From Jan. 1 to Jun.30)</b>	
	<b>2022</b>	<b>2023</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(10,108)	(47,189)
Purchase of investment securities	-	(275,679)
Proceeds from distributions from investment partnerships	-	8,339
Payments of leasehold and guarantee deposits	(4,331)	-
Proceeds from refund of leasehold and guarantee deposits	1,000	122
Net cash provided by (used in) investing activities	(13,440)	(314,407)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	-	1,060,894
Proceeds from exercise of employee share options	1	-
Payments for retirement by purchase of share acquisition rights	-	(5,159)
Net cash provided by (used in) financing activities	1	1,055,735
Effect of exchange rate change on cash and cash equivalents	805,572	185,703
Net increase (decrease) in cash and cash equivalents	(4,691,854)	(3,271,370)
Cash and cash equivalents at beginning of period	17,835,704	10,969,684
Cash and cash equivalents at end of period	13,143,849	7,698,313



## 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	USA	-	Injection	Chronic discogenic 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)	Application for approval

\*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/>