

Modalis Therapeutics Reports Second Quarter 2020 Financial Results and Operational Highlights

Successful Initial Public Offering completed and continued advancement of a broad portfolio of novel epigenetic gene modulation programs

28-Aug-2020 TOKYO & CAMBRIDGE, Mass.- Modalis Therapeutics Corporation (Modalis), a leading company developing innovative products for the treatment of rare genetic diseases utilizing its proprietary CRISPR-GNDM epigenetic gene modulation technology, today reported financial results for the second quarter ended June 30, 2020, as well as recent operational highlights.

"Our goal is to create CRISPR based gene therapies for genetic disorders, most of which fall into the orphan disease category. There should be no disease that is ignored because of its small patient population, and our mission to develop disease modifying treatments for these diseases reflects our belief that 'Every Life Deserves Attention'. We are proud to be a pioneer in CRISPR based gene modulation therapies and we are grateful to our investors and employees who are working to fulfill this important mission", said Haru Morita, Chief Executive Officer of Modalis.

Operational Highlights:

- In August, the Company successfully completed an IPO on the Tokyo Stock Exchange by offering 2,505,000 of its common shares, including the exercise in full of the underwriters' option to purchase up to an additional 405,000 common shares at a public offering price of ¥1,200 per share. The shares began trading on the TSE Mothers Board on August 3 under the ticker designation "4883" [<https://finance.yahoo.com/quote/4883.T>]
- In April, the Company entered into a license agreement with Editas Medicine, Inc., under which Modalis obtained a license to certain intellectual property that is controlled by Editas Medicine. Modalis also strengthened its internal intellectual property portfolio covering its GNDM technology and specific product candidates.
- The Company continued to make progress in its existing collaborations with Astellas and Eisai which are focused on the use of the GNDM technology for the treatment of specific genetic diseases.
- The Company continued to make progress in the preclinical development of its internal and unpartnered product candidates for treatment of MDC1A and CNS indications.

Second Quarter 2020 Financial Results:

- Cash and restricted cash as of June 30, 2020 and prior to our Public Offering was ¥2,735million.
- Collaboration and other research and development revenues were ¥13million and ¥337million for the three and the six months ended June 30, 2020, respectively. Increases in Operating Revenue were primarily due to an out-license agreement and our ongoing collaborations.
- Net R&D expenses were ¥81million and ¥204million for the three and six month periods ended June 30, 2020, respectively. Increases in R&D expenses were primarily due to increases in development

costs associated with the advancement of the Company's technology platform and product candidates.

- G&A expenses were ¥47million and ¥94million for the three and six month periods ended June 30, 2020, respectively. Increases in G&A expenses were primarily due to increases in payroll and personnel costs as well as increases in legal and professional costs in preparation for our public offering.
- Net Profit was - ¥118million and ¥26million for the three and six month periods ended June 30, 2020, respectively.
- Please refer to 2Q Consolidated Financial Results disclosed according to Japanese accounting rules in the English version below.

About Modalis:

Modalis Therapeutics is developing precision genetic medicines through epigenetic gene modulation. Founded by Osamu Nureki and leading scientists in CRISPR gene editing from University of Tokyo, Modalis is pursuing therapies for orphan genetic diseases using its proprietary CRISPR-GNDM technology which enables the locus specific modulation of gene expression or histone modification without the need for double-stranded DNA cleavage, gene editing or base editing. Modalis is focusing initially on genetic disorders caused by loss of gene regulation – resulting in excess or insufficient protein production – which includes more than 660 genes that are currently estimated to cause human disease due to haploinsufficiency. Headquartered in Tokyo with laboratories and facilities in Cambridge, Massachusetts, the company had been backed by leading Japanese investors including Fast Track Initiative, SBI Investment, UTokyo-IPC, SMBC Venture Capital, and Mizuho Capital. For additional information, visit www.modalistx.com.

Contacts

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Consolidated Financial Results
for the Six Months Ended June 30, 2020
[Japanese GAAP]

Company name: Modalis Therapeutics Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4883
 URL: <https://www.modalistx.com/jp/>
 Representative: Haruhiko Morita, President and Representative Director
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 Scheduled date of filing quarterly securities report: August 14, 2020
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended June 30, 2020 (January 1, 2020 to June 30, 2020)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2020	337	-	38	-	29	-	26	-
June 30, 2019	-	-	-	-	-	-	-	-

(Note) Comprehensive income: Six months ended June 30, 2020: ¥26 million [-%]

Six months ended June 30, 2019: ¥- million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2020	1.07	-
June 30, 2019	-	-

(Notes)

1. The Company has not prepared the consolidated financial statements for the six months ended June 2019. Accordingly, no figures are shown for the six months ended June 30, 2019 and no percentage changes are shown for the six months ended June 30, 2020.

2. Although the Company has dilutive shares, diluted earnings per share are not indicated because the Company's shares were not listed and the average share price is not available for the period under review.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2020	3,961	3,868	97.7
As of December 31, 2019	3,938	3,842	97.6

(Reference) Equity: As of June 30, 2020: ¥3,868 million

As of December 31, 2019: ¥3,842 million