

Modalis Therapeutics Reports Third Quarter 2020 Financial Results and Operational Highlights

5-Nov-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 third quarter ended September 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 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.
- 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>]
- 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 genetic diseases.
- The Company continued to make progress in the preclinical development of its internal product candidates for treatment of MDC1A, a devastating muscular disorder, and for an undisclosed CNS indication. In particular, the Company has started non-human primates studies for MDC1A.

Third Quarter 2020 Financial Results:

- Cash and deposits as of September 30, 2020 was ¥5,618million. Increases in Cash and deposits were primarily due to our public offering.
- Collaboration and other research and development revenues were ¥13million, ¥337million and ¥340million for the three, the six months and the nine months ended September 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, ¥204million and ¥348million for the three, the six months and the nine months periods ended September 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, ¥94million and ¥159million for the three, the six months and the nine months periods ended September 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, ¥26million and -¥214million for the three, the six months and the nine months periods ended September 30, 2020, respectively.
- Please refer to 3Q 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. For additional information, visit www.modalistx.com.

Contacts

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Consolidated Financial Results
for the Nine Months Ended September 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: November 13, 2020
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: -

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

1. Consolidated Financial Results for the Nine Months Ended September 30, 2020 (January 1, 2020 to September 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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended September 30, 2020	340	-	△168	-	△209	-	△214	-
September 30, 2019	-	-	-	-	-	-	-	-

(Note) Comprehensive income: Nine months ended September 30, 2020: ¥△215 million [-%]
 Nine months ended September 30, 2019: ¥- million [-%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2020	△8.34	-
September 30, 2019	-	-

(Notes)

- The Company has not prepared the consolidated financial statements for the nine months ended September 2019. Accordingly, no figures are shown for the nine months ended September 30, 2019 and no percentage changes are shown for the nine months ended September 30, 2020.
- 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 September 30, 2020	6,480	6,428	99.2
As of December 31, 2019	3,938	3,842	97.6

(Reference) Equity: As of September 30, 2020: ¥6,428 million
 As of December 31, 2019: ¥3,842 million