



## Modalis Therapeutics Reports Operational Highlights and First Quarter 2021 Financial Results

06-May-2021 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 first quarter ended March 31, 2021, as well as recent operational highlights.

"This is the once-in-a-lifetime opportunity to deliver revolutionary medicine to genetic disorders not just as a witness but a creator of therapies. With our proprietary CRISPR-based gene modulation technology, CRISPR-GNDM®, Modalis have established pipelines as well as multiple partnership with pharma companies. We are thrilled to see steady and strong progress in all programs during this term and grateful to our investors and employees who are supporting and working to fulfill this important mission," said Haru Morita, Chief Executive Officer of Modalis.

### Operational Highlights:

- **Collaboration Programs:** The Company continued to make progress in its existing collaborations with Astellas Pharma Inc. and Eisai Co., Ltd. which are focused on the use of the GNDM technology for the treatment of genetic diseases.
- **Internal Programs:**  
**MDL-101:** The completed non-human primate study convinced us that the molecule does not cause serious problem associated with immune reaction against the product. We have also confirmed significant improvement in a functional assay of MDC1a disease models in rodent.

### First Quarter 2021 Financial Results:

- **Cash Position:** Cash and deposits as of March 31, 2021 was ¥5,649 million, compared to ¥5,421 million as of December 31, 2020, an increase of ¥228 million. Increases in Cash and deposits were primarily due to an irregular income.
- **Revenues:** Revenues were ¥0.6 million for the three ended March 31, 2021 respectively. Increases in Operating Revenue were primarily due to ongoing collaborations.
- **Research & Development (R&D) Expenses:** R&D expenses were ¥184 million for the three ended March 31, 2021, compared to ¥81 million for March 31, 2020, an increase of ¥103 million. Increases in R&D expenses were primarily due to increases in development costs associated with the advancement of the Company's proprietary GNDM platform and product candidates.

- **General & Administrative (G&A) Expenses:** G&A expenses were ¥69 million for the three ended March 31, 2021, compared to ¥47 million for March 31, 2020, an increase of ¥21 million. Increases in G&A expenses were primarily due to increases in payroll and personnel costs as well as increases in legal and professional costs.
- **Extraordinary income:** Extraordinary income was 485 million for the three ended March 31, 2021. Because a shareholder of the Company, Akira Katayama (hereinafter referred to as Mr. Katayama) violated the agreement (lock-up system) of Securities Listing Regulations and Enforcement Rules for Securities Listings Regulations. As a countermeasure, the Group has received an irregular income of ¥485 million from Mr. Katayama.
- **Net Profit:** Net Profit was ¥201 million for the three ended March 31, 2021, compared to -¥118 million for March 31, 2020.
- Please refer to 1Q 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. 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](http://www.modalistx.com).

### Forward-Looking Statements:

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**Consolidated Financial Results**  
**for the Three Months Ended March 31, 2021**  
**[Japanese GAAP]**



May 6, 2021

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  
 Contact: Naoki Kobayashi, CFO and Executive Officer  
 Phone: +81-3-6822-4584  
 Scheduled date of filing quarterly securities report: May 14, 2021  
 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 Three Months Ended March 31, 2021 (January 1, 2021 to March 31, 2021)**

(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	%
Three months ended								
March 31, 2021	0	(95.4)	(252)	-	(245)	-	201	-
March 31, 2020	13	-	(116)	-	(116)	-	(118)	-

(Note) Comprehensive income: Three months ended March 31, 2021: ¥ 210 million [-%]

Three months ended March 31, 2020: ¥(118)million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2021	7.07	6.66
March 31, 2020	(4.71)	-

(Notes)

For diluted earnings per share for the fiscal year ended March 31, 2020, the figure is not presented as the Company's shares were not listed and the average share price was not available, although the Company had dilutive shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of March 31, 2021	6,533	6,430	98.4
As of December 31, 2020	6,277	6,206	98.9

(Reference) Equity: As of March 31, 2021: ¥6,430 million

As of December 31, 2020: ¥6,206 million

