



December 15, 2020

Company name: Modalis Therapeutics Corporation

Stock exchange listing: Tokyo Stock Exchange

Code number: 4883

URL: <https://www.modalistx.com/en/>

Representative: Haruhiko Morita

Notice of Revision of Full-Year Consolidated Financial Results Forecast

Modalis Therapeutics Corporation (hereinafter the “Company”) hereby announces that the full-year consolidated financial results forecast for the fiscal year ending December 31, 2020, released on August 3, 2020, has been revised. Details are as follows:

1. Revision of full-year consolidated financial results forecast for the fiscal year ending December 31, 2020 (from January 1, 2020, through December 31, 2020)

	Operating revenue	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	Million yen 1,100 or over	Million yen 350 or over	Million yen 300 or over	Million yen 250 or over	Yen 9.63 or over
Revised forecast (B)	342	△420	△463	△471	△17.89
Difference (B – A)	△758	△770	△763	△721	
Change (%)	△68.9	-	-	-	
(Reference) Previous year (ending December 31, 2019)	644	157	146	140	5.96

2. Revision of full-year financial results forecast

The Company revised its consolidated operating revenue forecast for the fiscal year ending December 31, 2020 with downward revision from more than 1,100 million yen to 342 million yen (down 758 million yen, or 68.9% YoY). The downward revision is mainly due to the absence of the upfront payment for license of MDL-101, which was projected in the previous financial results forecast. We have been under discussion with domestic and overseas pharmaceutical companies, including major pharmaceutical companies, but judging from the current progress, the Company has concluded that it will take more time than previously anticipated before gaining the valuable

partnership. The Company believes that further negotiations regarding licensing will lead to better conditions and consequently increase corporate value over the mid to long term. The Company aims to secure licensing within 2021. Data from non-human primate studies, which are currently undergoing analysis and expected to be finalized in early 2021, will support negotiations.

Consolidated operating income, consolidated ordinary income, and profit attributable to shareholders of the parent have been revised downward due to the decrease in consolidated operating revenue.

The Company Group will continue to make concerted efforts to increase corporate value over the medium to long term.

(Note)

The above financial forecasts are based on a number of assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties.

Consequently, any statements herein do not constitute assurances regarding the actual results.

Actual financial results may differ materially depending on a number of factors.