

# Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 [Japanese GAAP]



February 13, 2023

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 Ordinary General Meeting of Shareholders: March 28, 2023

Scheduled date of filing securities report: March 28, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on financial results: Available

Schedule of 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 Fiscal Year Ended December 31, 2022 (January 1, 2022 to December 31, 2022)

(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
Fiscal Year ended December 31, 2022	40	-	(2,063)	-	(1,995)	-	(2,702)
December 31, 2021	1	(99.7)	(1,239)	-	(1,231)	-	(738)

(Note) Comprehensive income: Fiscal Year ended December 31, 2022: ¥ (2,691) million [-%]

Fiscal Year ended December 31, 2021: ¥ (731) million [-%]

	Net income per share	Diluted earnings per share	Return of equity	Ordinary income to total assets	Operating income to operating revenue
	Yen	Yen	%	%	%
Fiscal Year ended December 31, 2022	(92.85)	-	(63.8)	(43.4)	-
December 31, 2021	(25.70)	-	(12.6)	(19.9)	-

(Notes)

For diluted earnings per share, the figure is not presented as the Company recorded basic loss per share, although it had dilutive shares, although the Company had dilutive shares.

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2022	3,129	2,941	93.4	99.53
As of December 31, 2021	6,069	5,549	91.4	191.57

(Reference) Equity: As of December 31, 2022: ¥2,922 million

As of December 31, 2021: ¥5,549 million

## (3) Cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
As of December 31, 2022	(1,895)	(185)	63	2,933
As of December 31, 2021	(747)	171	72	4,936

## 2. Dividends

	Annual dividends				
	1st quarter-end	2 <sup>nd</sup> quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2021	-	0.00	-	0.00	0.00
Fiscal year ended December 31, 2022	-	0.00	-	0.00	0.00
Fiscal year ending December 31, 2023 (Forecast)	-	0.00	-	0.00	0.00

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (January 1, 2023 to December 31, 2023)

The earnings forecasts for fiscal year 2023 are not presented due to the difficulty of formulating reasonably accurate estimates at this time. For further details, please refer to page 4 “Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information”

### \* Notes:

- (1) Significant changes to subsidiaries during the Fiscal Year ended December 31, 2022 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

Notes on changes in significant subsidiaries during the Fiscal Year ended December 31, 2022

- (2) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

Notes on changes in accounting policies

- (3) Total number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2022: 29,362,500 shares

December 31, 2021: 28,967,500 shares

- 2) Total number of treasury shares at the end of the period:

December 31, 2022: 63 shares

December 31, 2021: 63 shares

- 3) Average number of shares during the period:

Fiscal Year ended December 31, 2022: 29,107,190 shares

Fiscal Year ended December 31, 2021: 28,752,685 shares

\* These financial results are outside the scope of audit by certified public accountants or audit firms.

\* Explanation of the proper use of financial results forecast and other notes

The earnings forecast and other forward-looking statements herein are based on information available and certain assumptions judged to be reasonable as of the date of publication of this document. They do not represent a commitment from the Company that they will be achieved. Actual results may differ significantly from these forecast due to a wide range of factors. Please refer to page4 of the attachment for matters related to the earnings forecast.

Table of Contents

1. Qualitative Information on Financial Results for the Period Under Review .....	2
(1) Explanation of Business Results .....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Cash Flows .....	4
(4) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information .....	4
(5) Important Events Related to the Premise of a Going Concern etc. ....	4
2. Consolidated Financial Statements and Primary Notes .....	5
(1) Consolidated Balance Sheets .....	5
(2) Consolidated Statements of Income and Comprehensive Income .....	6
(3) Consolidated Statements of Changes in Equity .....	8
(4) Consolidated Statements of Cash Flows .....	10
(5) Notes to Consolidated Financial Statements .....	11
(Notes on going concern assumption) .....	11
(Change in accounting policy) .....	11
(Segment information) .....	11
(Per share information) .....	12
(Significant subsequent events) .....	12

## 1. Qualitative Information on the Financial Results for the Period Under Review

### (1) Explanation of Business Results

The Japanese economy during the 12 months ended December 31, 2022, remained uncertain due to the re-expansion of new coronavirus infections, the worsening situation in Ukraine, soaring raw material prices, and sharp exchange rate fluctuations.

Under the corporate philosophy of "*Every life deserves attention*," the Group is committed to research and development with the aim of providing breakthrough precision therapeutics for genetic diseases that overlap substantially with rare diseases. Based on our proprietary CRISPR-GNDM<sup>®</sup> platform, which serves as the technological foundation, the Company has continued to lead cutting-edge research as a leading company since its inception in 2016 to the current consolidated period, which is the seventh fiscal year since its establishment as the world's third company to develop gene modulation therapy using CRISPR. To bring these results to fruition, we are continuing our efforts toward clinical trials in the current fiscal year.

The year 2022 will be remembered as the year of a major turning point in gene therapy. Safety issues were discussed through the FDA's Cellular, Tissue and Gene Therapies Advisory Committee (CTGTAC) in late 2021, and the industry confirmed that the reliability of existing vector systems is not perfect. On the other hand, the recent development in tissue-trophic vectors has led to major technological innovations that have made practical use of these vectors feasible.

In this situation, pipelines that are already in the late stages of clinical trials or nearing regulatory approval cannot be changed from the existing molecules including the vector system, so there is no choice but to push through with the launch of the product. However, groups like ours that were about to enter the clinic were faced with a major decision: whether to maintain the current system or switch to a new vector system. Our decision was to switch to the new vector. This was driven first and foremost by the benefits to the patients who would receive future doses of our product. Lower doses and lower off-target organ delivery will provide benefits in terms of safety, drug efficacy, manufacturing costs, and ultimately drug price. Once we included the vector system and locked in the product configuration, we felt it was our mission to make the best choice, given that the product will be in clinical trials over the next several years and used in clinical settings for many years thereafter.

Although this has pushed back the development timeline by approximately one year, the longer-term impact of this decision was taken into consideration. We are currently evaluating the new vector system in mice and monkeys and are preparing to file a Pre-IND application for MDL-101 with the FDA in March/April based on the results of the evaluation with the new vectors.

Since MDL-104 showed robust Tau suppression in mouse models, we are now evaluating it in non-human primates. After analyzing the outcome, we will make a decision on further development. In parallel, we are discussing with several tauopathy key opinion leaders the selection of target diseases in tauopathy for clinical development. Our provisional idea is to go with Alzheimer's disease (AD) and frontotemporal dementia (FTD) based on the mechanism of action of CRISPR-GNDM<sup>®</sup>, the target disease mechanism, and preclinical and clinical path.

MDL-205 had been in collaboration with Eisai, and Eisai has decided to not exercise its option regarding the license agreement. Based on our judgment that the research outcomes were favorable; we have already expressed our intention to reacquire the rights to MDL-205 and are preparing to transfer the assets of the joint research. We will report on the target, progress, and future development plan of the program as soon as the agreement for the reacquisition is signed.

On the IP side, a joint application between the Modalis and its partner Astellas for the development of a

therapeutic drug for Duchenne muscular dystrophy was issued in Japan in May and in the U.S. in October. In December, the patent for the extended PAM Cas9 molecule, which we have licensed from the University of Tokyo, was also approved in Japan.

We believe that the impact of COVID-19 on our business results for the current consolidated cumulative period will be limited.

As a result, for the Fiscal Year ended December 31, 2022, operating revenue amounted to ¥40,500 thousand, operating loss to ¥2,063,194 thousand, ordinary loss to ¥1,995,790 thousand, and loss attributable to owners of parent to ¥2,702,709 thousand.

The Group consists of a single business segment of developing therapeutic agents for genetic disorders. Accordingly, the Company omits statements of segment information.

## (2) Explanation of Financial Position

### Status of Assets, Liabilities and Net Assets

#### (Current Assets)

Total current assets at the end of the fiscal year under review decreased by ¥2,005,815 thousand from the end of the previous fiscal year to ¥3,061,228 thousand. This is mainly attributable to a decreased in cash and deposits by ¥2,003,031 thousand.

#### (Non-Current Assets)

Total non-current assets at the end of the fiscal year under review decreased by ¥933,487 thousand from the end of the previous fiscal year to ¥68,605 thousand. This is mainly attributable to a decreased in Property, plant and equipment of ¥223,784 thousand and Intangible assets of ¥705,003 thousand due to impairment loss.

#### (Current Liabilities)

Total current liabilities at the end of the fiscal year under review decreased by ¥38,877 thousand from the end of the previous fiscal year to ¥141,840 thousand. This is mainly attributable to a decreased in Other of ¥27,496 thousand.

#### (Non-Current Liabilities)

Total current liabilities at the end of the fiscal year under review decreased by ¥292,446 thousand from the end of the previous fiscal year to ¥46,760 thousand. This is attributable to a decreased in long-term advances received by ¥285,559 thousand due to impairment loss.

#### (Net Assets)

Total net assets at the end of the fiscal year under review decreased by ¥2,607,979 thousand from the end of the previous fiscal year to ¥2,941,232 thousand. This is mainly attributable to a decrease in retained earnings by ¥2,702,709 thousand.

## (3) Explanation of Cash Flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review amounted to ¥2,933,162 thousand, down by ¥2,003,031 thousand from ¥4,936,193 thousand at the previous fiscal year end. The status of respective cash flows and key factors are as follows.

#### (Cash Flows from Operating Activities)

Net cash used in operating activities during the Fiscal Year ended December 31, 2022, amounted to ¥1,895,773 thousand. This is mainly attributable to the posting of Impairment loss of 996,800 thousand yen and Loss before income taxes of ¥2,707,031 thousand.

(Cash Flows from Investing Activities)

Net cash used in investing activities during the Fiscal Year ended December 31, 2022, amounted to ¥185,719 thousand. This is mainly attributable to the posting of Purchase of property, plant and equipment of ¥197,287 thousand.

(Cash Flows from Financing Activities)

Net cash provided by financing activities during the Fiscal Year ended December 31, 2022, amounted to ¥63,683 thousand. This is mainly attributable to the posting of Proceeds from issuance of stock resulting from exercise of subscription right to shares ¥60,905 thousand.

(4) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

Progress is being made on two collaboration pipelines and six in-house pipelines. In fiscal 2023, The Company is continuing to develop MDL-101 which is lead programs that have transitioned to improved AAV and MDL-104 to enter clinical trials as soon as possible. Furthermore, the Company will continue conducting R&D with capturing milestone income from licensing and joint R&D pipelines.

However, at present, there are many uncertain factors affecting our business performance, including the progress of negotiations with our partners, significant fluctuations in performance due to upfront payments for licensing, the possibility of concluding agreements with new partners, and the acquisition of new pipelines. Regarding in R & D expenses, which are the main expense items of the Group, it is determined whether the expenses will be borne by the Group or the other party depending on the contents of the license out and the joint R&D agreement. Similar to the forecast of the business profit, there are many uncertainties.

In regard to the future outlook, the Company believes it is difficult to disclose an appropriate and rational figure due to many uncertainties, so the Company has decided not to disclose the full-year earnings forecast. When it becomes possible to make a forecast, the Company will promptly make an announcement.

(5) Important Events Related to the Premise of a Going Concern etc.

The Company is a drug discovery venture company engaged in the research and development of gene therapeutic drugs. The Company has a plan to stabilize our management base by expanding the range of profit-earning opportunities and optimizing our business options by promoting R&D under a "hybrid model" business model that combines a collaboration pipeline and an in-house pipeline. However, pharmaceutical R&D requires a large initial investment, and the recovery of the invested funds takes a relatively long period of time compared to other industries.

In order to resolve this situation, based on the CRISPR-GNDM<sup>®</sup> platform, which serves as the technological foundation, and based on the knowledge gained from the development of gene regulation therapeutics using CRISPR over the past seven fiscal years, the Company has decided to launch MDL-101 which employ an improved AAV and MDL-104, in 2023 for Pre We will focus on the development of MDL-101 and MDL-104, which employ the improved AAV, with a view to filing a Pre-IND in 2023. Negotiations for partnering will continue in parallel with development as in the past. In addition, we will continue to optimize our R&D structure to reduce costs by improving efficiency, while aiming for early partnering for subsequent pipelines.

On the funding side, as of the end of the current fiscal year, the Company had 2,933,162 thousand yen in cash and deposits, which is sufficient to fund our business activities for the next fiscal year.

Considering the above, the Company recognizes that there are no significant uncertainties regarding the premise of a going concern.

## 2. Consolidated Financial Statements and Primary Notes

### (1) Consolidated Balance Sheets

(Thousand yen)

	As of December 31, 2021	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	4,936,193	2,933,162
Supplies	11,509	40,307
Other	119,340	87,757
Total current assets	5,067,043	3,061,228
Non-current assets		
Property, plant and equipment		
Buildings	76,885	–
Machinery and equipment	42,773	–
Tools, furniture and fixtures	97,306	–
Construction in progress	6,818	–
Total Property, plant and equipment	223,784	–
Intangible assets		
Right to use patent	704,729	–
Software	273	–
Total intangible assets	705,003	–
Investments and other assets	73,305	68,605
Total non-current assets	1,002,093	68,605
Total assets	6,069,137	3,129,833
<b>Liabilities</b>		
Current liabilities		
Accounts payable- other	107,407	110,095
Accrued expenses	25,684	17,786
Income taxes payable	19,282	13,112
Other	28,342	845
Total current liabilities	180,717	141,840
Non-current liabilities		
Long-term advances received	285,559	–
Provision for share-based compensation for director	988	1,260
Provision for share-based compensation for employee	4,775	6,487
Deferred tax liabilities	5,052	–
Other	42,832	39,012
Total non-current liabilities	339,207	46,760
Total liabilities	519,925	188,600
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,744,447	2,094,767
Capital surplus	4,066,182	3,416,502
Retained earnings	(1,266,476)	(2,605,346)
Treasury stock	(97)	(97)
Total shareholders' equity	5,544,055	2,905,825
Accumulated other comprehensive income		
Foreign currency translation adjustment	5,156	16,483
Total accumulated other comprehensive income	5,156	16,483
Subscription rights to shares	–	18,923
Total net assets	5,549,212	2,941,232
Total liabilities and net assets	6,069,137	3,129,833

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statements of Income

(Thousand yen)

	For the Fiscal Year ended December 31, 2021	For the Fiscal Year ended December 31, 2022
Operating revenue	1,100	40,500
Operating expenses		
Research and development expenses	1,009,523	1,861,709
Selling, general and administrative expenses	231,020	241,985
Total operating expenses	1,240,544	2,103,694
Operating loss	(1,239,444)	(2,063,194)
Non-operating income		
Interest income	57	57
Subsidy income	205	—
Foreign exchange income	12,238	76,445
Other	355	491
Total non-operating income	12,856	76,994
Non-operating expenses		
Interest expense	1,090	4,823
Stock issuance cost	1,523	3,304
Loss on retirement of non-current assets	2,097	552
Other	—	910
Total non-operating expenses	4,711	9,590
Ordinary loss	(1,231,299)	(1,995,790)
Extraordinary income		
Income of compensation	485,881	—
Gain on reversal of advances received	—	285,559
Total extraordinary income	485,881	285,559
Extraordinary loss		
Impairment loss	—	996,800
Total extraordinary loss	—	996,800
Loss before income taxes	(745,417)	(2,707,031)
Income taxes - current	1,333	1,451
Income taxes - deferred	(7,794)	(5,772)
Total income taxes	(6,460)	(4,321)
Loss	(738,956)	(2,702,709)
Loss attributable to owners of parent	(738,956)	(2,702,709)



# Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the Fiscal Year ended December 31, 2021	For the Fiscal Year ended December 31, 2022
Loss	(738,956)	(2,702,709)
Other comprehensive income		
Foreign currency translation adjustment	7,154	11,326
Total other comprehensive income	7,154	11,326
Comprehensive income	(731,801)	(2,691,382)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(731,801)	(2,691,382)

### (3) Consolidated Statements of Changes in Equity

Fiscal Year Ended December 31, 2021

(Thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Treasury stock
Balance at beginning of current period	2,707,320	4,029,055	(527,519)	—
Changes of items during period				
Issuance of new shares	37,127	37,127		
Purchase of treasury stock				(97)
Transfer to other capital surplus from capital stock				
Deficit disposition				
Profit attributable to owners of parent			(738,956)	
Net changes of items other than shareholders' equity				
Total changes of items during period	37,127	37,127	(738,956)	(97)
Balance at end of current period	2,744,447	4,066,182	(1,266,476)	(97)

	Shareholders' equity	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	6,208,855	(1,998)	(1,998)	—	6,206,857
Changes of items during period					
Issuance of new shares	74,255				74,255
Purchase of treasury stock	(97)				(97)
Transfer to other capital surplus from capital stock	—				—
Deficit disposition	—				—
Profit attributable to owners of parent	(738,956)				(738,956)
Net changes of items other than shareholders' equity		7,154	7,154	—	7,154
Total changes of items during period	(664,799)	7,154	7,154	—	(657,644)
Balance at end of current period	5,544,055	5,156	5,156	—	5,549,212

Fiscal Year Ended December 31,2022

(Thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Treasury stock
Balance at beginning of current period	2,744,447	4,066,182	(1,266,476)	(97)
Changes of items during period				
Issuance of new shares	32,240	32,240		
Purchase of treasury stock				
Transfer to other capital surplus from capital stock	(681,920)	681,920		
Deficit disposition		(1,363,840)	1,363,840	
Loss attributable to owners of parent			(2,702,709)	
Net changes of items other than shareholders' equity				
Total changes of items during period	(649,680)	(649,680)	(1,338,869)	—
Balance at end of current period	2,094,767	3,416,502	(2,605,346)	(97)

	Shareholders' equity	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	5,544,055	5,156	5,156	—	5,549,212
Changes of items during period					
Issuance of new shares	64,480				64,480
Purchase of treasury stock	—				—
Transfer to other capital surplus from capital stock	—				—
Deficit disposition	—				—
Profit attributable to owners of parent	(2,702,709)				(2,702,709)
Net changes of items other than shareholders' equity		11,326	11,326	18,923	30,250
Total changes of items during period	(2,638,229)	11,326	11,326	18,923	(2,607,979)
Balance at end of current period	2,905,825	16,483	16,483	18,923	2,941,232

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the Fiscal Year ended December 31, 2021	For the Fiscal Year ended December 31, 2022
Cash flows from operating activities		
Loss before income taxes	(745,417)	(2,707,031)
Depreciation	77,870	123,675
Impairment loss	—	996,800
Increase (decrease) in provision for share-based compensation for director	988	271
Increase (decrease) in provision for share-based compensation for employee	4,775	1,712
Stock compensation expense	—	8,753
Interest and dividend income	(57)	(57)
Subsidy income	(205)	—
Stock issuance cost	1,523	3,304
Interest expense	1,090	4,823
Foreign exchange loss (income)	(11,729)	(52,521)
Loss on retirement of non-current assets	2,097	552
Compensation received	(485,881)	—
Gain on reversal of advances received	—	(285,559)
Increase (decrease) in accounts payable - other	45,219	21,710
Increase (decrease) in accrued expenses	6,631	(11,826)
Decrease (increase) in consumption taxes refund receivable	(17,127)	22,621
Other, net	(112,179)	(15,722)
Subtotal	(1,232,400)	(1,888,492)
Interest and dividends received	57	57
Interest expense paid	—	(6,128)
Subsidies received	205	—
Income taxes paid	(1,210)	(1,210)
Compensation received	485,881	—
Net cash provided by (used in) operating activities	(747,466)	(1,895,773)
Cash flows from investing activities		
Purchase of property, plant and equipment	(107,111)	(197,287)
Proceeds from contribution received for right to use patent	329,670	—
Payment of lease deposits	(51,327)	(939)
Proceeds for lease deposits	—	12,506
Other, net	332	—
Net cash provided by (used in) investing activities	171,563	(185,719)
Cash flows from financing activities		
Repayments of installment payables	—	(6,751)
Proceeds from issuance of stock resulting from exercise of subscription right to shares	72,731	60,905
Proceeds from issuance of subscription right to shares	—	10,440
Purchase of treasury stock	(97)	—
Other, net	—	(910)
Net cash provided by (used in) financing activities	72,633	63,683
Effect of exchange rate change on cash and cash equivalents	17,987	14,778
Net increase (decrease) in cash and cash equivalents	(485,282)	(2,003,031)
Cash and cash equivalents at the beginning of period	5,421,476	4,936,193
Cash and cash equivalents at the end of period	4,936,193	2,933,162

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Change in accounting policy)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year under review and recognizes revenue at the amounts expected to be received in exchange for promised goods or services, at the point when the control of such goods or services is transferred to customers. The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.84) in accordance with the transitional treatment. There is no effect on the beginning balance of retained earnings brought forward and profit and loss for the current fiscal year.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the fiscal year under review, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no impact on the consolidated financial statements from the application of this standard.

(Segment information)

The Group consists of a single business segment of developing therapeutic agents for genetic disorders. Accordingly, the Company omits statements of segment information.

(Per share information)

	Fiscal Year ended December 31, 2021	Fiscal Year ended December 31, 2022
Net assets per share (Yen)	191.57	99.53
Net income per share (Yen)	(25.70)	(92.85)

NOTE 1 . For the fiscal year ended December 31, 2021, and December 31, 2022, the figure is not presented as the Company recorded basic loss per share, although it had dilutive shares.

2 . Net assets per share are calculated based on the following basis:

	Fiscal Year ended December 31, 2021	Fiscal Year ended December 31, 2022
Total net assets (thousands of yen)	5,549,212	2,941,232
Amounts deducted from total net assets (thousands of yen)	—	18,923
(Subscription rights to shares) (thousands of yen)	—	(18,923)
Average number of common shares during the period (shares)	5,549,212	2,922,309
Number of common shares at the end of the period used for the calculation of net assets per share (shares)	28,967,500	29,362,437

3 . Net loss per share are calculated based on the following basis:

	Fiscal Year ended December 31, 2021	Fiscal Year ended December 31, 2022
Net loss per share (thousands of yen)		
Loss attributable to owners of parent (thousands of yen)	(738,956)	(2,702,709)
Net loss related to common shares (thousands of yen)	—	—
Loss attributable to owners of parent to common shares (thousands of yen)	(738,956)	(2,702,709)
Average number of common shares during the period (shares)	28,752,685	29,107,190
Dilutive shares that do not have a diluting effect and thus were not included in the calculation of diluted net income per share	—	—

(Significant subsequent events)

There is no relevant information.