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February 13, 2023

Company name: Modalis Therapeutics Corporation

Stock exchange listing: Tokyo Stock Exchange

Code number: 4883

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

Representative: Haruhiko Morita

**Notice Regarding the Variance between consolidated results and results of the previous year,  
non-consolidated results and results of the previous year**

Modalis Therapeutics Corporation (hereafter, “the Company”) hereby announces the variance between the actual results of the previous fiscal year and the results regarding the consolidated and non-consolidated results for the fiscal year ending December 31, 2022 (January 1, 2022, to December 31, 2022). Please note that the Company has not announced earnings forecasts for this period, so increases and decreases are in comparison with the actual results of the previous fiscal year.

**1. Variance between the consolidated results for the year ended December 31, 2021 and for the year ended December 31, 2022.**

	Operating revenue	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous fiscal year ( A )	Million yen 1	Million yen (1,239)	Million yen (1,231)	Million yen (738)	yen (25.70)
Current fiscal year ( B )	40	(2,063)	(1,995)	(2,702)	(92.85)
Amount of change ( B—A )	39	(824)	(764)	(1,964)	-
Rate of change ( % )	-	-	-	-	-

**2. Reasons for the variance**

Operating revenue increased due to milestone income from joint research and development contracts. Operating income decreased due to an increase in R&D expenses (personnel expenses, research material expenses such as reagents, rent costs due to laboratory relocation and expenses for conducting clinical trials of MDL-101) in line with business progress. Ordinary income increased due to the posting of foreign exchange gains of 76 million yen due to fluctuations in foreign exchange rates. Net income decreased due to an impairment loss of 996 million yen on fixed assets, despite a 285-million-yen gain on reversal of advances received.

3. Variance between the non-consolidated results for the year ended December 31, 2021 and for the year ended December 31, 2022.

	Operating revenue	Operating income	Ordinary income	Profit	Net income per share
Previous fiscal year ( A )	Million yen 1	Million yen (1,291)	Million yen (1,277)	Million yen (793)	yen (27.58)
Current fiscal year ( B )	40	(2,144)	(2,089)	(2,696)	(92.63)
Amount of change ( B－A )	39	(853)	(812)	(1,903)	-
Rate of change ( % )	-	-	-	-	-

4. Reasons for the variance

Operating revenue increased due to milestone income from joint research and development contracts. In operating income, there was a decrease mainly due to an increase in outsourcing expenses for research and development costs (personnel expenses, research material expenses such as reagents, rent costs due to laboratory relocation and expenses for conducting clinical trials of MDL-101) in line with business progress. Ordinary income increased due to the posting of foreign exchange gains of 52 million yen due to fluctuations in foreign exchange rates. Net income decreased due to an impairment loss of 642 million yen on fixed assets and 248 million yen in allowance for doubtful accounts of affiliated companies for loans to subsidiaries, despite a 285 million yen gain on reversal of advances received.