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February 14, 2022

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 the Consolidated Financial Results for the Year Ended December 31, 2020 and the Year Ended December 31, 2021

Modalis Therapeutics Corporation (hereafter, "the Company") hereby announces the variance between the consolidated financial results for the year ended December 31, 2020 and the year ended December 31, 2021 as follows.

1. Variance between the consolidated financial results for the year ended December 31, 2020 and for the year ended December 31, 2021.

	Operating revenue	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Results for the year ended December 31, 2020 (A)	Thousand yen 342,000	Thousand yen (398,351)	Thousand yen (439,549)	Thousand yen (448,407)	yen (17.02)
Results for the year ended December 31, 2021 (B)	1,100	(1,239,444)	(1,231,299)	(738,956)	(25.70)
Amount of change (B－A)	(340,900)	(841,093)	(791,750)	(290,549)	－
Rate of change (％)	(99.7)	－	－	－	－

2. Reasons for the variance

Operating revenue for the current fiscal year was recorded for joint research milestone income from existing pipelines, however, in the previous fiscal year, joint research milestone income from the licensed pipeline and a one-time upfront payment for a new pipeline were recorded. In addition, 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) have increased as the business progresses.

Therefore, the Company's consolidated financial results for the year ended December 31, 2021 show that operating revenues, operating income, ordinary income, and profit attributable to owners of parent fell short of the previous year's results.