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February 21, 2023
Company name: Modalis Therapeutics Corporation
Stock exchange listing: Tokyo Stock Exchange
Code number: 4883
URL: https://www.modalistx.com/en/
Representative: Haruhiko Morita

(Corrections) 「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 that there have been corrections made to the above-mentioned disclosure material released on February 13, 2023.

1. Reason for corrections

Regarding the " Notice Regarding the Variance between consolidated results and results of the previous year, non-consolidated results and results of the previous year ", the Company has found errors in some of the items listed below and is correcting them. As there is no impact on the consolidated financial statements, there will be no corrections to "Consolidated Financial Results for the Fiscal Year Ended December 31, 2022." etc.

2. Details of corrections

Corrections are underlined.

(Before Correction)

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.

(After Correction)

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)	(2,586)	(88.88)
Amount of change (B−A)	39	(853)	(812)	(1,793)	-
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 139 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.