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July 1, 2024

Company name: Modalis Therapeutics Corporation

Stock exchange listing: Tokyo Stock Exchange Growth Market

Code number: 4883

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

Representative: Haruhiko Morita

Modalis Announces updated strategic plan and business consolidation of US operation

Modalis Therapeutics Corporation (the “Company”) announces pipeline prioritization and corporate restructuring to focus on its leading program. The restructure is intended to significantly reduce operating expenses by lowering the headcount of the Company’s wholly-owned US subsidiary, Modalis Therapeutics, Inc. (“Modalis US”) while continuing to support meaningful value generation from the Company's strong pipeline of AAV Therapeutics.

1. Pipeline prioritization and corporate restructuring

The Modalis Therapeutics Group has progressed business activities aimed at initiating a first-in-human clinical trial of MDL-101 as its highest priority. As part of the group’s efforts to streamline its management and organization, the Group has decided on internal organizational restructuring. Specifically, it will downsize the R&D and process development functions of Modalis US and concentrate business resources in the near term on its efforts to achieve IND clearance of MDL-101. The headcount reduction at Modalis US associated with these moves is outlined below.

2. Overview of restructuring

- (1) Rationalization method: Layoffs
- (2) Number of personnel to be reduced: 5
- (3) Expected completion of layoffs: End of July 2024 (scheduled)

3. Outlook

The Company expects the impact of this matter on its consolidated earnings forecast for the fiscal year ending December 31, 2024, to be a reduction of 35~40 million yen in expenses due to reduced personnel expenses and the deduction of lump-sum severance payments. The lump-sum severance payments are expected to be 9 million yen.