August 14, 2026

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

(Correction/Correction of Numerical Data) Regarding Corrections to the "Consolidated Financial Results for the Six Months Ended June 30, 2026 [Japanese GAAP]"

We hereby announce a correction to a portion of the "Consolidated Financial Results for the Six Months Ended June 30, 2026 [Japanese GAAP]," which was disclosed on August 10, 2026. The numerical data have also been corrected.

1. Reason for correction

We would like to make a correction to the "Consolidated Financial Results for the Six Months Ended June 30, 2026 [Japanese GAAP]", which was disclosed on August 10, 2026, as it was discovered that there was a partial error in the timing of recording R&D expenses, and that R&D expenses and accrued expenses for the current period were overstated.

2. Correction points

Corrections are indicated with a line. Due to the large number of corrections, we have included the full text of the revised financial results.

Consolidated Financial Results for the Six Months Ended June 30, 2026 [Japanese GAAP]

August 10, 2026

Company name: Modalis Therapeutics Corporation
Stock exchange listing: Tokyo Stock Exchange
Code number: 4883
URL: https://www.modalistx.com/en/
Representative: Haruhiko Morita, CEO and Representative Director
Contact: Yosuke Nakashima, Executive Officer
Phone: +81-3-6231-0456
Scheduled date of filing interim securities report: Aug 14, 2026
Scheduled date of commencing dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended June 30, 2026 (January 1, 2026, to June 30, 2026)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2026	-	-	(989)	-	(954)	-	(909)	-
June 30, 2025	-	-	(1,031)	-	(1,019)	-	(1,020)	-

(Note) Comprehensive income: Six months ended June 30, 2026: ¥ (898) million [-%]
Six months ended June 30, 2025: ¥ (1,033) million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2026	(9.85)	-
June 30, 2025	(13.78)	-

(Notes)
In this summary information, the Company presents the amount recorded as operating revenue in the interim consolidated statement of income as net sales.
For diluted earnings per share, the figure is not presented as the Company recorded basic loss per share although the Company has dilutive shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2026	3,136	2,473	77.2
As of December 31, 2025	2,964	2,793	93.0

(Reference) Equity: As of June 30, 2026: ¥2,422million
As of December 31, 2025: ¥2,755million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2025	-	0.00	-	0.00	0.00
Fiscal year ending December 31, 2026	-				
Fiscal year ending December 31, 2026 (Forecast)		0.00	-	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2026(January 1, 2026, to December 31, 2026)

The earnings forecasts for fiscal year 2026 are not presented due to the difficulty of formulating reasonably accurate estimates currently. For further details, please refer to page 4 of the attached materials, "1. Qualitative Information on Financial Results for the Interim Period, (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information."

*** Notes:**

(1) Changes in significant subsidiaries during the six months ended June 30, 2026 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of interim consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: No
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(4) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
June 30, 2026: 97,334,098 shares
December 31, 2025: 86,674,098 shares

2) Total number of treasury shares at the end of the period:
June 30, 2026: 64 shares
December 31, 2025: 63 shares

3) Average number of shares during the period:
Six months ended June 30, 2026: 92,366,299 shares
Six months ended June 30, 2025: 74,042,423 shares

* 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 forecasts due to a wide range of factors. Please refer to page 3 of the attachment for matters related to the earnings forecast.

Table of Contents

1. Qualitative Information on Interim Financial Results for the Period under Review

(1) Explanation of Business Results

Forward-looking statements in the text are based on our judgment as of the end of the second quarter of the current consolidated fiscal year unless otherwise stated.

During the interim consolidated fiscal period under review, the Japanese economy remained uncertain due to continued inflationary pressures and geopolitical risks, as well as the impact of monetary policy developments in major economies.

In the biotechnology and drug discovery sectors, the funding environment showed signs of improvement, particularly in the U.S. market, where several large financings and initial public offerings ("IPOs") were observed. At the same time, the business environment, including healthcare policies and drug pricing systems, continues to evolve, and the operating environment surrounding drug discovery companies remains highly uncertain.

Under these circumstances, the Company continued to advance the research and development of gene control therapeutics utilizing its proprietary CRISPR-GNDM® technology and made steady progress in the development of its key development programs and platform technologies.

For MDL-101, the Company completed IND-enabling studies using disease model mice and confirmed pharmacological efficacy, including prolonged survival compared with control groups. The Company also obtained pharmacokinetic and other nonclinical data that will support evaluation of clinical dose levels.

In addition, as further validation related to the GLP toxicology study disclosed in the previous quarter, the Company conducted pilot studies in non-human primates at multiple contract research organizations ("CROs"). These studies confirmed vector transduction in muscle tissue, expression of components of the CRISPR-GNDM® system, and increased expression of the target gene, LAMA1. The Company believes that these results support further development of the program toward clinical translation.

With respect to quality, the Company completed the additional verification disclosed in the previous quarter and is advancing improvements in the design of the production system used for manufacturing and in the manufacturing process, with the objective of mitigating quality risks. Pilot manufacturing and evaluations using design of experiments ("DOE") confirmed that manufacturing productivity and key quality attributes of the improved production system were at levels comparable to those of the previous production system. Going forward, the Company will evaluate the pharmacological activity of vectors manufactured using the improved production system in animals and further verify the intended mitigation of relevant quality risks.

Based on these developments, the Company is targeting submission of an IND application from the end of 2026 through early 2027 and is advancing GMP manufacturing, additional nonclinical evaluations, and preparations for clinical trial implementation. The Company also continues discussions with prospective clinical trial sites and is refining the clinical trial protocol.

Subsequent to the end of the interim consolidated fiscal period, on July 1, 2026, in response to growing interest in the clinical development of MDL-101, the Company jointly released a program update for the LAMA2-RD community with patient organizations CureCMD and Vora Sara. The Company will continue to provide accurate and equitable information to patients, families, and other relevant stakeholders in accordance with the progress of development.

With respect to other next-generation programs, for MDL-201, a program for Duchenne muscular dystrophy ("DMD"), the Company selected a candidate next-generation muscle-tropic capsid suitable for systemic administration and is preparing to enter into an agreement relating to its use. In parallel, the Company is optimizing the therapeutic payload based on the characteristics of the selected capsid.

For MDL-202, a program for myotonic dystrophy type 1 ("DM1"), a mouse pilot study conducted as part of a research collaboration with a partner company confirmed marked suppression of the target gene, DMPK. These research findings were presented at the American Society of Gene and Cell Therapy ("ASGCT") Annual Meeting held in Boston in May 2026.

For MDL-103, a program for facioscapulohumeral muscular dystrophy ("FSHD"), the Company is continuing

efficacy studies using disease model mice through a research collaboration with the University of Massachusetts ("UMass"), supported by funding from SOLVE FSHD. Initial results supportive of further development have been obtained, and these research findings were presented at ASGCT.

As a result, for the six months ended June 30, 2026, the Company recorded operating loss of ¥989,372 thousand, compared with operating loss of ¥1,031,954 thousand for the previous interim consolidated fiscal period; ordinary loss of ¥954,987 thousand, compared with ordinary loss of ¥1,019,197 thousand; and loss attributable to owners of parent of ¥909,762 thousand, compared with loss attributable to owners of parent of ¥1,020,456 thousand.

The Group consists of a single business segment, which is the development of therapeutic agents for genetic disorders. Accordingly, the Company omits segment information by business segment.

(2) Explanation of Financial Position

Status of Assets, Liabilities and Net Assets

(Current Assets)

Total current assets at the end of the interim consolidated fiscal period under review increased by ¥191,661 thousand from the end of the previous fiscal year to ¥3,083,933 thousand. This was mainly attributable to an increase of ¥203,163 thousand in cash and deposits.

(Non-current Assets)

Total non-current assets at the end of the interim consolidated fiscal year under review decreased by ¥19,593 thousand from the end of the previous fiscal year to ¥52,382 thousand. This is attributable to a decrease in investments and other assets by ¥19,593 thousand.

(Current Liabilities)

Total current liabilities at the end of the interim consolidated fiscal year under review increased by ¥524,293 thousand from the end of the previous fiscal year to ¥659,096 thousand. This was mainly attributable to an increase of ¥231,217 thousand in accounts payable-other and an increase of ¥270,000 thousand in current portion of bonds payable.

(Non-current Liabilities)

Total non-current liabilities at the end of the interim consolidated fiscal year under review decreased by ¥32,295 thousand from the end of the previous fiscal year to ¥3,846 thousand. This is mainly attributable to a decrease of others by ¥32,149 thousand.

(Net Assets)

Total net assets at the end of the interim consolidated fiscal year under review decreased by ¥319,930 thousand from the end of the previous fiscal year to ¥2,473,372 thousand. This is mainly attributable to a decreased of capital stock of ¥842,265 thousand and capital surplus of ¥842,265 thousand and an increased of retained earnings by ¥1,339,462 thousand.

b. Status of Cash Flow

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the interim consolidated fiscal year under review amounted to ¥3,015,530 thousand, an increase of ¥203,163 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 six months ended June 30, 2026, amounted to ¥692,410 thousand. This is mainly attributable to the posting of loss before income taxes of ¥913,840 thousand.

(Cash Flows from Investing Activities)

Net cash provided by investing activities during the six months ended June 30, 2026, amounted to ¥37,049 thousand. This is mainly attributable to proceeds from the collection of lease deposits of ¥21,247 thousand.

(Cash Flows from Financing Activities)

Net cash provided by financing activities during the six months ended June 30, 2026, amounted to ¥819,718 thousand. This is mainly attributable to proceeds from issuance of bonds of ¥261,750 thousand and proceeds from issuance of shares resulting from exercise of stock acquisition rights of ¥560,487 thousand.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

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. In regard to the future outlook, the company believes it is difficult to calculate an appropriate and rational figure, 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.

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

Group is a drug discovery venture company engaged in the research and development of gene control therapeutics utilizing its CRISPR-GNDM® technology. The Group pursues a “hybrid model” that combines collaboration-based pipeline programs with proprietary pipeline programs, with the aim of broadening revenue opportunities, optimizing strategic options, and strengthening its business foundation.

On the other hand, the research and development of pharmaceutical products requires substantial upfront investment, and the recovery of such investment generally takes a longer period than in many other industries. Accordingly, the Group has continued to incur operating losses and negative operating cash flows. As a result, events and conditions exist that may cast significant doubt on the Group’s ability to continue as a going concern.

The Group is advancing research and development centered on MDL-101, its lead development program, by leveraging the expertise it has accumulated in the development of CRISPR-based gene control therapeutics. For MDL-101, the Group is optimizing its development and manufacturing plans, prioritizing the allocation of research and development resources, and advancing preparations for IND submission and the initiation of clinical trials.

In addition, the Group continues to evaluate opportunities for business partnerships, co-development arrangements, and license agreements with respect to its proprietary pipeline programs, including MDL-101, while seeking to secure early partnering opportunities for follow-on pipeline programs. The Group is also working to improve capital efficiency and control expenditures through the prioritization of research and development activities, optimization of development expenses including outsourced costs, and company-wide cost management.

With respect to its financial position, as of the end of the interim consolidated fiscal period, the Group held cash and deposits of ¥3,015,530 thousand. Based on its available funds and the measures described above, the Group believes that it has secured sufficient funds to continue its business operations for the next 12 months.

Based on the foregoing, the Group has concluded that no material uncertainty related to going concern exists.

2. Interim Consolidated Financial Statements and Primary Notes

(1) Interim Consolidated Balance Sheets

(Thousand yen)

	As of December 31, 2025	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	2,812,367	3,015,530
Others	79,904	68,402
Total current assets	2,892,272	3,083,933
Non-current assets		
Investments and other assets	71,976	52,382
Total non-current assets	71,976	52,382
Total assets	2,964,248	3,136,316
Liabilities		
Current liabilities		
Accounts payable-other	94,403	325,620
Accrued expenses	25,745	36,600
Income taxes payable	13,330	12,022
Provision for bonuses	—	13,073
Current portion of bonds payable	—	270,000
Other	1,324	1,780
Total current liabilities	134,802	659,096
Non-current liabilities		
Provision for share-based compensation for employees	145	—
Other	35,996	3,846
Total non-current liabilities	36,142	3,846
Total liabilities	170,945	662,943
Net assets		
Shareholders' equity		
Share capital	1,728,097	885,831
Capital surplus	3,049,832	2,207,566
Retained earnings	(2,037,247)	(708,271)
Treasury shares	(97)	(97)
Total shareholders' equity	2,740,583	2,385,028
Accumulated other comprehensive income		
Foreign currency translation adjustment	15,331	26,981
Total accumulated other comprehensive income	15,331	26,981
Share acquisition rights	37,388	50,876
Total net assets	2,793,303	2,473,372
Total liabilities and net assets	2,964,248	3,136,316

(2) Interim Consolidated Statements of Income and Comprehensive Income

Interim Consolidated Statements of Income

Six Months Ended June 30

(Thousand yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Operating revenue	—	—
Operating expenses		
Research and development expenses	906,324	900,723
Selling, general and administrative expenses	125,629	88,649
Total operating expenses	1,031,954	989,372
Operating loss	(1,031,954)	(989,372)
Non-operating income		
Interest income	1,311	2,260
Foreign exchange income	—	6,798
Donation income	—	9,818
Other	49,606	27,381
Total non-operating income	50,917	46,259
Non-operating expenses		
Interest expense	1,524	1,041
Bond issuance costs	—	8,250
Foreign exchange loss	35,934	—
Stock issuance cost	702	2,582
Total non-operating expenses	38,160	11,874
Ordinary loss	(1,019,197)	(954,987)
Extraordinary gain		
Recovery of written-off receivables	—	36,291
Gain on sale of fixed assets	—	17,399
Total extraordinary gains	—	53,690
Extraordinary loss		
Impairment loss	583	1,597
Total extraordinary loss	583	1,597
Loss before income taxes	(1,019,780)	(902,894)
Total extraordinary loss	675	6,868
Total income taxes	675	6,868
Loss for the interim period	(1,020,456)	(909,762)
Loss attributable to owners of parent for the interim period	(1,020,456)	(909,762)

Interim Consolidated Statements of Comprehensive Income

Six Months Ended June 30

(Thousand yen)

	For the six months ended June 30, 2025	For the six months ended June 30,2026
Loss for the interim period	(1, 020, 456)	(909, 762)
Other comprehensive income		
Foreign currency translation adjustment	(12, 728)	11, 650
Total other comprehensive income	(12, 728)	11, 650
Comprehensive income for the interim period	(1, 033, 184)	(898, 111)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent for the interim period	(1, 033, 184)	(898, 111)

(3) Interim Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended June 30, 2025	For the six months ended June 30, 2026
Cash flows from operating activities		
Loss before income taxes.	(1, 019, 780)	(902, 894)
Impairment loss	583	1, 597
Increase (decrease) in provision for share-based compensation for director	(82)	—
Increase (decrease) in provision for employee stock compensation	(520)	(145)
Increase (decrease) in provision for bonuses	9, 852	12, 750
Share-based compensation expenses	7, 460	12, 471
Interest and dividend income	(1, 311)	(2, 260)
Donation income	—	(9, 818)
Stock issuance cost	702	2, 582
Bond issuance costs	—	8, 250
Interest expenses	1, 524	1, 041
Foreign exchange losses (gains)	41, 390	(18, 377)
Loss (gain) on sale of property, plant and equipment	—	(17, 399)
Increase (decrease) in accounts receivable - other	(37, 840)	—
Increase (decrease) in other accounts payable	(3, 568)	227, 822
Increase (decrease) in accrued expenses	60, 355	9, 389
Decrease (increase) in consumption taxes refund receivable	5, 733	6, 778
Other, net	26, 383	(28, 788)
Subtotal	(909, 119)	(697, 001)
Interest and dividends received	1, 311	2, 260
Interest expenses paid	(1, 524)	(1, 041)
Donation income	—	9, 818
Income taxes paid	(950)	(6, 446)
Net cash provided by (used in) operating activities	(910, 281)	(692, 410)
Cash flows from investing activities		
Purchase of property, plant and equipment	(583)	(1, 597)
Proceeds from sale of property, plant and equipment	—	17, 399
Proceeds from refund of lease deposits	—	21, 247
Net cash provided by (used in) investing activities	(583)	37, 049
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	662, 623	560, 487
Repayments of installment payables	(4, 300)	(5, 158)
Proceeds from issuance of bonds	—	261, 750
Proceeds from issuance of share acquisition rights	—	2, 640
Payments for acquisition of treasury stock	—	(0)
Net cash provided by (used in) financing activities	658, 323	819, 718
Effect of exchange rate change on cash and cash equivalents	(61, 062)	38, 805
Net increase (decrease) in cash and cash equivalents	(313, 604)	203, 163
Cash and cash equivalents at the beginning of period	3, 575, 277	2, 812, 367
Cash and cash equivalents at the end of period	3, 261, 672	3, 015, 530

(4) Notes to Interim Consolidated Financial Statements

(Notes on going concern assumption)

There is no applicable information.

(Notes in the case of significant changes in shareholders' equity)

Based on the resolution approved at the 10th Annual General Meeting of Shareholders held on March 26, 2026, the Company compensated for the deficit in retained earnings carried forward on May 15, 2026. As a result, the share capital and capital surplus decreased by ¥1,124,612 thousand each and retained earnings increased by ¥2,249,224 thousand. In addition, during the interim consolidated fiscal period, the share capital and capital surplus increased by ¥279,846 thousand each due to the exercise of stock acquisition rights with exercise price adjustment provisions. As a result, at the end of the interim consolidated fiscal period, the share capital, capital surplus and retained earnings were ¥885,831 thousand, ¥2,207,566 thousand and negative ¥708,271 thousand, respectively.

(Interim Consolidated Statement of Income)

(Non-operating income)

The Company recorded ¥20,270 thousand as miscellaneous income for research and development support funds received under a strategic collaboration agreement with SOLVE FSHD for the development of an innovative treatment for facioscapulohumeral muscular dystrophy. For details, please refer to the "SOLVE FSHD and Modalis Announce Strategic Collaboration to Develop an Innovative CRISPR-Based Epigenome Editing Treatment for Facioscapulohumeral Muscular Dystrophy" dated June 9, 2025.

(Segment information)

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

(Significant subsequent events)

After the end of the interim consolidated fiscal period, some of the stock acquisition rights with exercise price adjustment provisions were exercised during the period from July 1, 2026, to July 31, 2026, as follows.

(1) Type and number of shares issued Common stock 7,040,000 shares.
(2) Increase in capital stock ¥115,687 thousand.
(3) Increase in capital reserve ¥115,687 thousand.

As a result, the total number of common shares issued and outstanding as of July 31, 2026, was 104,374,098 shares, capital stock was ¥1,001,518 thousand, and capital reserve was ¥1,756,518 thousand.