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Stock Code 4883
March 12, 2021

To All Shareholders

Modalis Therapeutics Corporation
Nihonbashi 3-5-11, Chuo-ku, Tokyo, Japan
Representative: Haruhiko Morita

Notice of Convocation of the 5th Ordinary General Meeting of Shareholders

We are pleased to announce the schedule for the 5th Ordinary General Meeting of Shareholders with details to follow.

With consideration to current efforts being taken to curb the spread of COVID-19, we kindly request that shareholders exercise their voting rights in advance in writing (via voting form) and refrain from attending the Ordinary General Meeting of Shareholders in person.

In addition to confirming the receipt of the below Shareholders' Meeting Reference Documents, please cast your vote using the enclosed voting form. The voting form must arrive no later than March 29, 2021 (Monday) by 5:00 PM JST.

Details

1. Schedule: March 30, 2021 (Tuesday) 10:00 AM
   (Registration from 9:30 AM)
2. Location: Muromachi 1-5-5, Nihonbashi, Chuo-ku, Tokyo, Japan
   Muromachi Chibagin Mitsui Bldg. (COREDO Muromachi 3)
   8F Nihonbashi Life Science Hub
3. Agenda

   Announcements
   1. 5th (January 1, 2020 through December 31, 2020)
      Ordinary General Shareholders Meeting Business Report, Consolidated Financial Statement and Results of Consolidated Financial Statement Audit by Accounting Auditor and Audit and Supervisory Committee
   2. 5th (January 1, 2020 through December 31, 2020)
      Report on Non-Consolidated Financial Statements

   Resolutions

   Proposal 1: Election of 3 Members of the Board of Directors
   (Excluding Audit and Supervisory Committee Members)

   Proposal 2: Resolution to Implement Post-Delivery Type Compensation System for the Board of Directors
   (Excluding Audit and Supervisory Committee Members)

Shareholders' Meeting Reference Documents

Resolutions and Supplemental Information

Proposal 1 Appointment of 3 Members to Board of Directors
(Excluding Audit and Supervisory Committee Members)

The current four members of the Board of Directors (excluding Audit and Supervisory Committee Members) will conclude their term of appointment at the close of today's meeting. The Company requests the appointment of the three (3) new Directors.

Nominees to the Board of Directors (Excluding Audit and Supervisory Committee Members) are listed below.

Nominee No.	Name (Birthdate)	Position(s) at the Company
1	Haruhiko Morita (August 9, 1969) No. of the Company's Shares Held 483,200	2016 Jan. Representative Director (present) Modalis Therapeutics Corp. 2016 Apr. CEO (present) Modalis Therapeutics Inc. (formerly EdiGENE, Inc.)
	【Reason for nomination to the Board of Directors (Excluding Audit and Supervisory Committee Members)】 As a founding member, Haruhiko Morita has held the role of Representative Director since the company's inception. He has led the company and its subsidiary with an eye for the "big picture" and proactive outlook to the future; driving expansion and adding value to the company. He has played a vital role in increasing the company's value through major business decisions and overseeing business activities. His contributions to growth and increase in value of the company and its subsidiaries make him indispensable, and as much, we have made the decision to nominate him to the Board of Directors. At the closing of today's meeting his time in the role of Representative Director of the company will be 5 years and 2 months.	

Nominee No.	Name (Birthdate)	Position(s) at the Company
2	Hideki Takeda (September 25, 1958) No. of the Company's Shares Held 193,300	2016 Jan. Director, Modalis Therapeutics Corp. (present)
	【Reason for nomination to the Board of Directors (Excluding Audit and Supervisory Committee Members)】 Hideki Takeda has over 20 years' experience in the field of biomedical intellectual property rights working for Fujisawa Pharmaceutical Co. Ltd. (now Astellas Pharma Inc.) and possesses valuable knowledge and wide-ranging insights. Utilizing the experience and insight gained through his own intellectual property rights consulting business, he directs the company's business activities. His feedback on the overall management of the company has contributed to the reinforcement of corporate governance, and as much, we have made the decision to nominate him for the role of Outside Director. At the closing of today's meeting his time in the role of Outside Director for the company will be 5 years and 2 months.	

Nominee No.	Name (Birthdate)	Position(s) at the Company
3	Joseph McCracken (April 24, 1953) No. of the Company's Shares Held -	2018 Aug. Director, Modalis Therapeutics Corp. (present)
	【Reason for nomination to the Board of Directors (Excluding Audit and Supervisory Committee Members)】 Joseph McCracken has extensive experience in the pharmaceutical field, having worked for multinational pharmaceutical companies including Genentech Inc. and Roche where he held positions such as Head of Business Development and Senior VP. He has valuable experience and insight regarding corporate management and the field of business which forms the foundation for research and development activities and effectively advises the company with an impartial and objective viewpoint. His efforts to increase the value of the company make him indispensable, and as much, we have made the decision to nominate him for the role of Outside Director. At the closing of today's meeting his time in the role of Outside Director for the Company will be 2 years and 7 months.	

（注）1. The candidates have no special-interest relationships with the Company.
2. Hideki Takeda and Joseph McCracken are candidates for Outside Director.
3. To allow Outside Directors to fulfill the responsibilities of their role, the Company has concluded agreements with Hideki Takeda and Joseph McCracken respectively to limit liability for damages under Clause 1, Article 423 of the Companies Act, based on Clause 1, Article 427 of the same act. The limitation of liability for damages under the aforementioned agreement is the minimum total liability as set in law. The Company plans to extend the agreements with each candidate respectively should they be confirmed to their positions.
4. As of January 2016, the Company has concluded an agreement for Directors and Officers Liability Insurance with members of the Board of Directors (Excluding Audit and Supervisory Committee Members) and Directors (Audit and Supervisory Committee Members) named insured. Insurance premiums are covered by the Company in full. Compensation for damages resulting from profits or provisions of convenience obtained illegally is not covered under the aforementioned policy. As outlined in the original proposal, candidates who are reappointed will be continue to be named insured under the aforementioned policy. It is the intention of the company to renew the policy with the same provisions after the current term period.
5. In accordance with the rules of the Tokyo Stock Exchange, the Company has retained Board of Directors candidate Hideki Takeda as an Independent Director as approved in a prior Ordinary General Meeting of Shareholders. In the event that he is reappointed, he will continue to act as Independent Director for the Tokyo Stock Exchange.

Proposal 2　Resolution to Implement Post-Delivery Type Compensation System for the Board of Directors (Excluding Audit and Supervisory Committee Members)

At the Extraordinary General Meeting of Shareholders held on August 15, 2018, the maximum amount of remuneration, etc., for directors of the Company was approved at 200,000 thousand yen or less per year.

Currently, directors of the Company (excluding Audit and Supervisor Committee members; hereinafter referred to as “target directors”) strive to continuously improve the corporate value of the Company over the medium to long term, and further work with shareholders to improve corporate value. To promote sharing of the value of the Company, we would ask for your approval in adopting a new compensation system in which the Company’s common stock (hereinafter referred to as “the Company’s stock”) and money will be distributed to the target directors after a certain period of time.

Therefore, in consideration of various matters such as the contribution of directors to the Company, the Company’s shares to be paid to the target directors

will be awarded separately from the aforementioned limit of compensation for directors. The total amount of compensation for the allocation of the Company's shares and monetary compensation receivables will be set at 100,000 thousand yen or less (including Outside Directors 81,400 thousand yen or less) for each service provision period as defined in (1) below.

Furthermore, the Company believes it appropriate that the payment of the Company's shares and monetary compensation receivables will be decided in accordance with the contribution of Directors to the company.

In the event the current four members of the Board of Directors (of which 3 are Outside Directors; excluding Audit and Supervisory Committee Members) are reappointed as in Proposal 1 the Board of Directors (excluding Audit and Supervisory Committee Members) will become three members (of which 2 are Outside Directors).

Details

(1) Outline of this system

This system applies to the target directors for the period specified by the Board of Directors of the Company (hereinafter referred to as the " Designated Period "). The initial Designated Period will be four (4) years beginning from the 5th Ordinary General Meeting of Shareholders scheduled to be held on March 30, 2021. This system will continue to apply after the Ordinary General Meeting of Shareholders scheduled to be held in March 2022. The number of the Company's shares and monetary compensation specified in advance by the Board of Directors of the Company shall be awarded during the service provision period (from the start date of the Designated Period), provided that the system continues to be used during the period of service (the system will be continued within the period approved at the Ordinary General Meeting of Shareholders). This is a stock compensation system that is paid after the end of the applicable period as compensation, etc. for the period up to the day before the date of the first Ordinary general meeting of shareholders of the Company.

(2) Mechanism of this system

The specific mechanism of this system is as follows.

(1) The Company's Board of Directors will determine the standard amount and the number of units to be granted to each Target Director according to the size of the responsibilities of each Target Director. (One unit shall be equivalent to one

share of the Company.).

(2) After the expiration of the Designated Period, the Company's Board of Directors will determine the number of Company shares and the amount of money to be paid to each Target Director based on the number of units granted to each Target Director.

(3) The Company will pay each Target Director in kind according to the number of shares of the Company to be granted to each Target Director as determined in (2) above, and each Target Director will be received for the monetary compensation claim. Each target director will receive an allotment of the Company's shares by paying all of them by the method of in-kind contribution. The amount to be paid in for the Company's shares shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on the trading day prior to the resolution of the Board of Directors regarding its issuance or disposal (if the transaction is not completed on the same day, the closing price on the most recent trading day).

(4) In addition to the monetary compensation receivables paid in (3) above, the Company will pay the amount of money determined in (2) above to each Target Director.

However, if there is a risk that the amount of monetary compensation receivables and the amount of money to be paid to the Target Directors for the allocation of the Company's shares will exceed the above total amount in 1. (2), the number of shares of the Company to be paid and the monetary compensation will be reduced proportionally or by some other rational method so it is within the range not exceeding the maximum allowable amount.

(3) Calculation method of the number of shares of the Company and the amount of compensation to be paid to each Target Director based on this system

The Company calculates the number of the Company's shares and the amount of compensation to be paid to each Target Director based on the following formula.

① Number of units to be given to each Target Director

Standard amount [1] ÷ stock price at the time of grant [2]

Fractional units resulting from the calculation are rounded at the first decimal place.

② Number of shares of the Company to be paid to each Target Director
Number of units to be granted as calculated in ① above x 75%
The number of shares less than 100 units generated as a result of calculation will be rounded up to 100 shares.

③ Amount of money to be paid to each Target Director
(Number of units to be granted calculated in ② above - Number of shares of the Company calculated in ② above) x Stock price at delivery [3]

Fractions less than 1 yen generated as a result of calculation will be rounded up to the nearest 1 yen.

* 1 The standard amount is determined for each target director by the Board of Directors of the Company according to the size of the responsibilities of each Target Director.

* 2 The stock price at the time of grant shall be the average closing price of the Company's common stock on the Tokyo Stock Exchange for the month preceding the day before the date of the Ordinary General Meeting of Shareholders in the year in which the unit is granted.

* 3 The stock price at the time of delivery is the closing price of the Company's common stock on the Tokyo Stock Exchange on the trading day prior to the date of the resolution of the Board of Directors regarding the issuance or disposal of the Company's shares to be paid under this system (transactions were completed on the same day). If not, the closing price on the most recent trading day prior to that).

The total number of shares of the Company to be distributed to the Target Directors is 8,600 (including 7,000 the shares of Outside Directors), which is the upper limit of the number of Shares of the Company to be paid for each service provision period. However, if the total number of issued shares of the Company increases or decreases due to a reverse stock split, stock split, free allotment of shares, etc. after the date of the resolution at the Ordinary General Meeting of Shareholders, the total amount of monetary compensation receivables and monetary amount to be paid to each Target Director and the total number of Company shares to be paid to each Target Director shall be reasonably adjusted

according to the ratio.

(4) Requirements for payment of the Company's shares and money to the Target Directors

Under this system, when the Designated Period ends and the following requirements are met, the Company's shares and money will be paid to each Target Director. When the Company pays the Company's shares, the Company issues shares or disposes of treasury stock, and the Target Directors who are eligible to pay the Company's shares and the offering items related to the issuance of the shares or the disposal of treasury stock will be decided later at the Meeting of the Board of Directors of the Company following the Designated Period.

(1) The Target Director continued to be a director of the Company during the Designated Period.

(2) There was no determination of illegal acts carried out by the Board of Directors of the Company

(3) Other requirements set by the Board of Directors of the Company as necessary to achieve the purpose of this system are satisfied

(5) Handling at the time of retirement

If the Target Director loses the position as a Director of the Company during the Designated Period, the number of the Company's shares and the amount of money will be adjusted using a rational method specified by the Board of Directors of the Company based on the term of office until the loss of status during the Designated Period and paid within a reasonable amount of time pending approval from the Board of Directors of the Company.

(6) Handling of organizational restructuring, etc.

During the Designated Period, if organizational restructuring measures are at the General Meeting Shareholders of the Company about the Company propose a merger agreement in which the Company will become an extinguished company, a share exchange agreement in which the Company become a wholly owned subsidiary, a share transfer plan, or other reorganization of the Company (however, regarding the reorganization, etc. If approval is not required at the General Meeting of Shareholders of the Company, it will be the approved by the Board of Directors of the Company), the Company will pay the specified amount of money to the Target Director prior to the effective date of the organizational

restructuring, etc. based on a reasonably determined number of the Company's shares and a reasonably determined amount of money.

(Reference)

After the conclusion of the Ordinary General Meeting of Shareholders, the Company plans to pay the Company's shares and money based on the same system as above to the employees of the Company and its subsidiaries. The Company plans to introduce it to employees of the Company subsidiaries in accordance with US law, taxation, accounting, etc.